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NEWS SUMMARY

GENERAL

Premier forms Italian Cabinet

Prime Minister designate Giulio Andreotti yesterday announced his fifth Government and brought to an end three years of purely Christian Democrat rule. Rinaldo Ossola, former governor of the Bank of Italy, has been dropped from the new Cabinet, which contains three Republican Party and four Social Democrat ministers. Another technocrat, Sig. Romano Prodi, was also dropped from the new Cabinet. The departure of these two reinforces the impression that the new Government is a caretaker administration destined to last only until the next election in a few months. Page [illegible]

Middle East row over Palestine

Premier Menahem Begin told his Parliament that Israel would never return to the borders of 1967 or agree to a Palestinian state on the West Bank and Gaza Strip. Egypt's Premier, Mustapha Khalil, replied with a statement repeating demands that Israel must withdraw from all territories occupied during the 1967 war, including East Jerusalem. Back and Pages 2

Prison emergency

Prison officers at Liverpool's Walton prison called off their industrial action and a state of emergency was declared after officers refused to return to work. [illegible]

Iran arms talks

Britain has begun talks with the new administration in Iran on the cancellation of defence contracts, Defence Secretary Fred Mulley said. Other Iran news Page 2.

Ford to quit

Henry Ford, 61, chairman of Ford Motor Company, said in Dearborn that he would retire from the post of chief executive at the end of the year, but would continue his association with Ford in other capacities.

Graft suspected

A confidential Government document which was leaked to the press, and suggested that subsidies for loss-making [illegible] were outstripping [illegible] al income, was probably [illegible] from a civil servant's [illegible] an official inquiry has [illegible] Page 9

Murder claim

[illegible] ex-mercenaries were paid [illegible] to murder prominent South [African] financier and politician Robert Smit and his wife 16 months ago, according to retired [Supre]me Court judge Joseph [illegible]f. Page 3

Cruelty charge

Red Cross said Rhodesia's guerilla war was the world's [cruell]est conflict. It blamed the guerillas and the Salisbury Government for "more deliberate cruelty" and "more [illegible]ned suffering" than any fighting. Page 3

Briefly . . .

[Singa]pore's Jurong shipyard has been fined about $9,000 in connection with an explosion aboard the Liberian tanker [illegible] last October in which 76 people died.

Customs officers at the three Paris airports will stage a [24-hou]r strike on Friday in pursuit of a shorter working week.

[A] Tupolev-104 airliner [crash] outside Moscow on Saturday night killed 90 people.

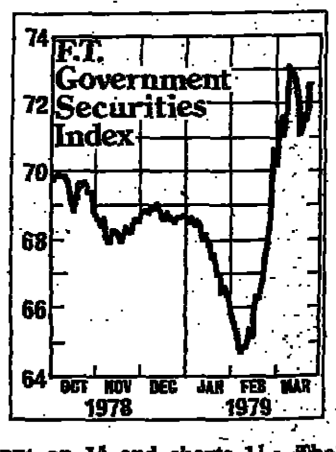
Hong Kong Governor Sir Murray Maclehose has had his term of office extended until next year.

BUSINESS

Equities down 4; sharp rise in Gilts

● EQUITY market was dominated by speculation on Imperial Group's selling its holding in BAT Industries, and the FT ordinary index drifted 4.1 lower to 505.6.

● GILTS rose sharply on foreign and domestic interest and longs



put on 1⅞ and shorts 1¼. The Government Securities index closed 1.03 up at 72.56.

● STERLING rose 90 points to $2.0325 and its trade-weighted index rose to 64.9 (64.6). The dollar showed little change and its depreciation narrowed to 8.4 per cent (8.6).

● GOLD rose $1 to $243¾ in London.

● WALL STREET was 4.42 down at 853.17 just before the close.

● STOCK EXCHANGE Council will decide on April 3 whether Talisman, the computerised settlement system, will start service on April 9. Page 7

● U.S. COUNCIL on Wage and Price Stability has published guidelines to bring banks and other financial institutions under the voluntary control policy launched by President Carter five months ago. Page 28

● U.S. GOVERNMENT is likely to stimulate the economy next year and introduce foreign exchange control to stop the value of the dollar falling, Professor Milton Friedman has forecast. Page 7

● WORLD SHIPYARD output fell by one third last year to a new 10-year low of 18.2m tons gross, according to the annual returns from Lloyd's Register of Shipping. UK yards did better than most, in spite of the growing recession, with a 10 per cent rise to 1.13m tons gross. Back Page

● GDP fell slightly between the third and fourth quarters of last year, followin gthe rapid growth recorded in the middle of 1978, but overall growth was about 3 per cent, in line with earlier estimates. Back Page

● Government has agreed to begin substantive negotiations on a pay settlement for 600,000 civil servants after union leaders had warned that strike action could spread if a firm offer were not forthcoming. Back Page

● BUNDESBANK has again warned that the success of the European Monetary System will depend on a further drive to cut inflation rates, which it says are still too high in most partner countries. Page 2

COMPANIES

● HEPWORTH CERAMIC Holdings reports pre-tax profits for 1978 £3.69m up at a record £30.41m on turnover up more than £26m to £249.9m. Page 22 and Lex

● BEMROSE Corporation pre-tax profits for 1978 rose 35 per cent to a record £2.4m on turnover up from £39.9m to £42.02m. Page 22

● REKSTEN tanker group, for which a $160m loan facility was recently arranged by Hambros Bank, has announced a group accumulated loss to the end of 1978 of NKr 790.3m ($158m). Page 28

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

[illegible]eq. 10% 1983	£94⅞	+ 1¼
[illegible] 13¾% 2000-03		
[illegible]0 pd.)	£62⅞	+ 1⅜
[illegible]ford Property	460	+ 15
[illegible]rd Dairies A	58	+ 4
[illegible]bros	233	+ 10
[Hep]worth Ceramic	93	+ 4
[illegible]er A	185	+ 5
[illegible]onal Prop. A	108	+ 5
[illegible]ac	187	+ 5
[illegible] Oats	610	+ 20
[illegible]s Faber	240	+ 5

FALLS:

[illegible]s Defd.	312	− 23
Bibby (J.)	337	− 33
Courtaulds	108	− 3
GEC	373	− 5
Howard & Wyndm.	21½	− 3½
ICI	386	− 6
Inveresk	48	− 14
Lawtex	87	− 12
Metal Closures	113	− 5
Ocean Transport	95	− 4½
Pleasurama	118	− 6
Pullman (R. & J.)	123	− 5
600 Group	95	− 4
Standard Chartrd.	477	− 13
Yarrow	370	− 20
Shell Transport	700	− 14
Ultramar	284	− 8
De Beers Defd.	430	− 10
RTZ	298	− 6

Imperial sells BAT stake for £153m in record share placing

BY ANDREW TAYLOR

Imperial Group, the tobacco, brewery and food group, sold almost all its remaining 15 per cent stake in BAT Industries yesterday, raising £153.6m in what was claimed to be the largest share placing ever in the City of London.

Imperial, which in the past decade has spent heavily on diversifying away from its traditional tobacco business, says it will invest the proceeds in "readily convertible" securities until it decides what to do with the money.

Last year the group spent nearly £40m to acquire the J. B. Eastwood poultry and egg concern. It owns the John Courage brewery group and the Ross eggs, poultry and frozen foods business, as well as paper and packaging interests.

Sir John Pile, Imperial's chairman and chief executive, said last night that the group was examining a number of potential acquisitions in various countries. But, he added, "please don't think we are going to jump tomorrow."

The group wanted to continue to develop its businesses, but did not rule out the possibility of acquisitions in other "consumer-orientated fields."

The group has already said it plans to spend about £100m on new capital investment in the current year, following the £103.4m it spent, mostly on its UK businesses, last year.

Disposal of the BAT stake—it is retaining only several hundred BAT ordinary and 4.1m deferred Ordinary shares—severs most remaining links between the two big tobacco groups, bringing to a virtual end a relationship spanning more than 75 years.

After Britain's decision to join the EEC the two groups decided in 1972 to unwind their UK-U.S. tobacco market-sharing agreement, which had been in existence since 1902.

Encouraged

Four years ago Imperial reduced its 26 per cent stake in BAT to just under 15 per cent, raising £77m in the process.

The group has always said that it would sell its remaining holdings when market conditions were right. BAT said last night that the group was very encouraged by the way the market had responded to the sale and the speed with which the shares were taken up.

However, BAT's share price fell 30p yesterday to 320p, while Imperial's price rose 1½p to 102½p. The BAT stake was placed with a number of institutions.

Meanwhile Imperial said that, as with its previous placing of BAT shares, it had considered the possibility of offering the stock to its own shareholders.

But this, it said, would have created tax consequences for the Imperial shareholders, whose interests were "best served by realising the holding by means of a placing for cash."

Te company would retain its remaining holding in BAT deferred Ordinary stock at least until these were converted into ordinary shares in 1980.

The only other remaining link between BAT and Imperial is their jointly-owned Mardon Packaging concern.

Yesterday's placing was halded by Morgan Grenfell, Baring Brothers, Cazenove, Rowe and Pitman, Hurst Brown and de Zoete and Bevan.

Imps clears the decks Page 24
Lex Back Page

Dublin at standstill as 100,000 join tax protest

BY STEWART DALBY IN DUBLIN

[illegible] seen in Dublin went off peacefully yesterday.

An estimated 100,000 industrial and public-sector workers and their families marched in protest against PAYE taxpayers contributing too much and the country's farmers paying too little.

The demonstration amounted almost to a general strike in the capital.

Most factories near the city centre were closed, buses and trains cancelled, Aer Lingus flights from Dublin delayed and rescheduled, and schools shut as teachers joined the protest. Power cuts were reported in various parts of the country last night.

With the city's communications paralysed by a three-week strike by Post Office workers and telephone and telex operators, the marchers, led by union officials of the Dublin Council of Trade Unions, brought central Dublin to a standstill.

All shops were shuttered and barred. [illegible] traffic was allowed into the centre and even public houses, in a move that must have few precedents closed from 2 pm until 5pm.

Publicans urged customers to go out and protest. Normally the pubs are closed only between 2.30 and 3.30 pm. Indeed, many pubs in the city centre failed to reopen in the early evening, possibly fearful of being swamped by the huge crowds milling about the city.

A similar demonstration against high rates of PAYE income tax occurred ten days ago. Those contributing by PAYE have their tax deducted at source, at rates between 25 and 60 per cent.

Farmers are supposed to pay tax on a national basis derived from the ratable value of their farms or to arrange their own income tax, based on accounts drawn up for them.

In effect, the PAYE sector contributes 87 per cent of the country's tax bill while the 180,000 farmers contribute less than [illegible].

Addressing the enormous gathering yesterday, Mr. Sam Nowlan, a member of the unions' council executive, said: "Today at least we are masters of the city. Of course, it is a political strike and we make no apologies for that."

Mr. George Colley, Finance Minister, who has been in Brussels for the EEC finance ministers' meeting, said from there: "A sudden concession is just not on. The strike will not force the Government into a sudden or major response."

Dr. Martin O'Donoghue, Minister for Economic Planning and Development, who has also been in Brussels, doubted the wisdom of a hasty reaction. The farmers position was still being considered, he added.

Mr. Michael O'Leary, Deputy Leader of the opposition Labour Party, called Mr. Colley's remarks ill-judged, saying that if they represented Government thinking, further industrial action would be inevitable.

Carter finances to be probed

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

A SPECIAL counsel has been appointed by the U.S. Justice Department to look into the financial affairs of President Jimmy Carter's family peanut business in Georgia.

Naming Mr. Paul Curran, a New York lawyer, to the post yesterday, Mr. Griffin Bell, the Attorney-General, said it was "in the best interest of the administration of justice and the public's perception of the fairness and impartiality of justice that an independent special counsel be appointed."

Several Federal and State institutions are currently examining the complex relationship between the Carter peanut warehouse and its main banker, the National Bank of Georgia, headed by Mr. Bert Lance, who resigned as Director of the Budget in the autumn of 1977 because of allegations of impropriety in his banking career.

Mr. Carter's company is 63 per cent owned by himself, 15 per cent by his brother Billy, and 22 per cent by his mother, Mrs. Lillian Carter. The President's interests were placed in a blind trust, administered by a his close friend, Atlanta lawyer Charles Kirbo, when he took office, and he has had almost nothing to do with the day-to-day running of the business since he began his run for the Presidency in 1974.

This had been the prime responsibility of Billy Carter—and there has been a welter of accusations to the effect that Mr. Lance, also a close Georgia friend, allowed the business to run up overdrafts in excess of the terms of the loans it had out with the National Bank of Georgia.

The underlying concern is whether the loan proceeds were illegally diverted to help finance Mr. Carter's campaign, especially in the spring of 1976, when a court challenge temporarily held up disbursement of federal funds to candidates in the run-up to the critical Pennsylvania primary.

So far, no evidence has been produced to support this. Moreover, Mr. Carter's margin of victory in Pennsylvania (he won 37 per cent to 25 per cent for Senator Henry Jackson and 19 per cent for Congressman Morris Udall) was such that it is doubtful if the expenditure of campaign advertising dollars made a material difference.

Nevertheless, in a country

Continued on Back Page

Lonrho makes its bid for SUITS

BY ANDREW TAYLOR

LONRHO, the international trading and industrial conglomerate, launched its widely anticipated takeover bid last night for Scottish and Universal Investments. The share and cash offer values the whisky-distilling to newspaper-publishing concern at £56.6m.

The offer is just five days after the Monopolies and Mergers Commission said that Lonrho could proceed with its plans to acquire SUITS.

Lonrho, which already has a 29.24 per cent stake in SUITS, is bidding one Lonrho share plus 100p cash for each SUITS share.

The Monopolies and Mergers Commission was asked to investigate after Lonrho launched last April an all-share offer for SUITS which then valued the concern at about £39m. The group has increased these terms, and included a cash element totalling £22m.

The bid could meet opposition again from SUITS directors, who strongly opposed the Lonrho offer last year. A spokesman for Charterhouse Japhet, the group's merchant banks advisers, said last night that the bid still "undervalued SUITS."

The SUITS Board was divided by Lonrho's bid last April, with thre directors, led by chief executive Mr. Hugh Laughland, opposing the terms, while two directors, including Sir Hugh Fraser, supported Lonrho's bid.

Charterhouse Japhet said that the SUITS board would meet as soon as possible to discuss the new offer, but that Sir Hugh Fraser was out of the country. The bank advised shareholders to take no action on the bid.

Mr. Tiny Rowland, Lonrho's chief executive, said last night that he believed the terms of the increased offer were generous.

A successful takeover would have significant implications for House of Fraser, which owns Harrods department store, as between them Lonrho and SUITS control a near-30 per cent stake in House of Fraser.

News of the takeover offer came too late to affect Lonrho's share price, which fell 1p yesterday to 82p, while SUITS shares fell 3p to 159p. House of Fraser rose 1p to 168p.

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£ in New York

	March 19	Previous
Spot	$2.0240-0245	$2.0280-0290
1 month	0.42-0.37 dis	0.29-0.24 dis
3 months	0.85-0.80 dis	0.78-0.73 dis
12 months	2.65-2.45 dis	2.55-2.35 dis

More fiscal curbs may be needed—OECD

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT may need to take further restrictive fiscal action to keep within its targets for the growth of the money supply and for public sector borrowing, if domestic inflationary forces are not reduced. This is urged b the Paris-based Organisation for Economic Co-operation and Development in its annual survey of the UK economy published today.

The OECD, consisting of the 24 major industrialised countries, takes a fairly gloomy view of the short- and medium-term prospects for the UK economy. In spite of this, it recommends tight fiscal and monetary policies because of the priority need to contain pay rises and inflation.

Moreover, the survey suggests that monetary and fiscal policies may not by themselves be sufficient to contain pay rises. It effectively renews the call for a more direct approach through incomes policy.

The self-defeating nature of high nominal pay rises and their effect in squeezing profits, boosting unemployment and checking growth is highlighted.

The OECD Secretariat has often been dubbed the Treasury in exile and its advice and projections normally parallel those submitted by officials in London to the Chancellor of the Exchequer.

But this time the assessment may be slightly more gloomy than the latest Treasury view. This is because the annual review of the UK was carried out in early February when officials were more pessimistic about the inflation outlook than they are now.

The OECD assumes as a technical assumption that earnings will rise by 14 per cent in the current pay round and that the exchange rate will be unchanged from its early January level, so that the rate of consumer price inflation will be up to 12 per cent by the end of this year.

On present policies, public sector borrowing is expected to rise above £8.5bn in 1979-80, while output is expected to grow only slowly and unemployment is likely to rise a little. The current account of the balance of payments should be in substantial surplus.

Over the medium-term, the OECD notes that "the shift of resources into potentially expanding sectors of manufacturing industry is not taking place at a rate sufficient to maintain a viable external position in conditions of reasonable buoyancy of domestic demand."

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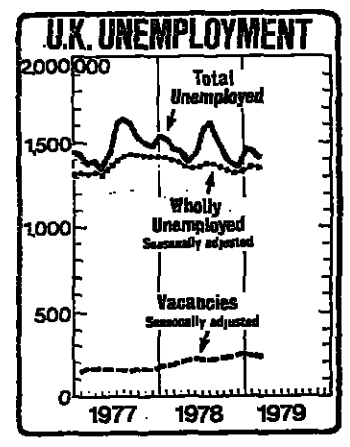
Jobless total drops

BY OUR ECONOMICS CORRESPONDENT



UNEMPLOYMENT in the UK has fallen over the last month while vacancies notified to Government job centres have risen to the highest level since November, 1974.

The Department of Employment announced yesterday that the number of adults out of work fell by 12,100 to 1.35m—equivalent to 5.7 per cent of the workforce—in the month to mid-March, on a seasonally adjusted basis. This followed a rise of 41,800 in the previous two months.

Some of the fluctuations of the last three months are the result of the exceptionally bad winter weather and the road haulage dispute. This is suggested by declines in the jobless total of above the national average in particularly hard hit regions such as Scotland, Wales and south-western and north-western England.

All this makes it difficult to assess the underlying trend, although notified vacancies rose by 5,000 to 235,900, seasonally adjusted, which exactly reversed the previous month's fall.

Thus the increase in unemployment in January and February may have represented more the result of special influences than a reversal of the underlying 100,000 decline during 1978. Officials yesterday

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For latest Share Index 'phone 01-246 8026

Denmark employers fear 10% wage rises

By Hilary Barnes in Copenhagen

MR. ANKER JOERGENSEN, the Danish Prime Minister, yesterday won the backing of his Social Democratic parliamentary group and the tacit support of the trades unions for a two-year extension of the current collective wage agreements. The wage settlement will be made statutory and will apply to about 1½m workers in both the public and private sectors or about two-thirds of the labour force.

The Socialist Democratic-Liberal coalition Government agreed late on Monday night on a parliamentary initiative which, by prolonging the existing wage agreements by law, will avert the outbreak on March 30 of a strike of transport and power station workers and a lock-out of 250,000 industrial workers.

The two-year wage settlement includes adjustments which are officially expected to lead to an increase in wage costs of about 9 per cent in the year from March and about 6.5 per cent next year.

The Employers' Federation, however, fears that the settlement will lead to wage increases of 10 per cent a year or more in each of the two years and denounced the agreement as economically unsound.

The main adjustments include a gradual increase in the annual holiday from four weeks to five over the next two years and a rise in the guaranteed minimum wage from DKr. 31.60 (£3.01) an hour to DKr 32.80 (£3.12) from March 1 this year and a further increase of DKr 1.20 on March 1 next year.

The wage settlement will be backed by legislation restricting profit margins, a measure intended to help curb wage drift.

The settlement for the public sector is on slightly different terms, but it will also be imposed by law.

One of the biggest public-sector unions has anounced a mass demonstration against the settlement to take place in Copenhagen tomorrow, and yesterday at some factories workers downed tools in protest. But so far reactions to the settlement have been moderate.

Crew's protest halts Lufthansa

By Our Bonn Staff

MORE THAN 4,000 passengers were affected by the three and a-half hour "warning strike" by Lufthansa aircrew yesterday and 59 flights had to be cancelled.

Six days earlier domestic West German air traffic was brought almost to a standstill for two hours by the action of pilots, flight engineers and cabin staff.

The strikes have been called by the DAG, the white-collar workers' union, in which many of Luthansa's flight crew are organised. At issue is the airline's concept of aircrew promotion and duties.

BUNDESBANK WARNING AS PRICES RISE

Inflation threat to success of EMS

BY JONATHAN CARR IN BONN

THE BUNDESBANK has again warned that the success of the European Monetary System (EMS) depends in large part on a further drive to cut inflation rates, which it says are still too high in most partner countries.

The task was the more urgent since the danger already loomed of a new general bout of inflation, intensified by oil price increases, the Bundesbank said in its latest monthly report.

It made the comments at the end of a long article on the technical and institutional arrangements for the EMS, in which it again ruled out that West Germany should permit domestic inflation to increase to help harmonise with rates elsewhere in Europe.

However, the Bundesbank is giving its warning in the knowledge that prices are already rising faster in West Germany—and that further action by the central bank may well be needed before long to try to dampen the increase.

The cost of living was up last month by 2.9 per cent against February 1978, after a rise of 2.4 per cent in December and of 2.3 per cent in November. Industrial producer and wholesale prices are moving up, too.

It is feared that the price rises at home may well be more than matched by increases in other member states—a development which could split the EMS unless firm action is taken quickly to hold and, if possible, reverse the trend.

The Bundesbank comments on the problems associated with the systems so-called "divergence indicator." This is the mechanism which is intended to act as kind of warning signal, showing when a member currency is getting seriously out of line within the system but before it reaches the point at which central banks are obliged to intervene.

The Bundesbank says that under the agreed rules, individual currencies can, in fact, diverge to the point where intervention becomes obligatory without first setting off the warning signal.

Additional complications may arise for the divergence indicator, first because the Lire is permitted greater fluctuation margins than other participating currencies and secondly because the Pound Sterling is a component of the European Currency Unit (ECU), even though Britain is not taking part in the EMS exchange rate mechanism.

The upshot is that this aspect of the EMS remains very much in the experimental stage, and much more information needs to be gained. It is noted that in the two and a half months before formal introduction of the EMS, during which experiments were nonetheless carried out with the divergence indicator, only one currency set off the warning signal. It was not the Deutschmark as many had previously felt likely but the Danish krone.

Economic outlook bright

BY OUR BONN STAFF

EVIDENCE that the economy is set for a phase of self-sustaining growth comes in the Bundesbank's report.

In the second half of last year the financial deficit of German enterprises fell well below that in the same period of 1977. This, combined with improved sales and profit expectations, must be seen as a very important impulse for more economic growth, the report said.

Bundesbank figures show that net private entrepreneurial income rose by 13.2 per cent to DM 216.8bn in 1978 against the previous year. This was based on a rise of 8.6 per cent in the first half against the same period of 1977, increasing to 16.7 per cent in the second half.

Some sectors of the economy remained weak and especially susceptible to competitive pressure from imports, but enterprises overall had about a fifth more self-financing resources available in the second half of 1978 than a year earlier. Experience showed such an improvement was a pre-condition for continuous investment growth.

Davignon denies textiles threat

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

VISCOUNT ETIENNE DAVIGNON, EEC Industry Commissioner, yesterday rebutted British Government accusations that he had shifted his ground on textiles policy and was threatening not to renew the GATT multi-fibres arrangement (MFA), which regulates world trade in textiles, after it expired in 1982.

His department is alleged to have made a number of remarks casting serious doubt on the future of the EEC textile industry at a meeting with European clothing textiles trade unions last month.

The Commissioner's official spokesman made clear that he had not been present at the meeting, though he stood by statements made there by Mr. Paolo Cecchini, a senior industrial affairs adviser.

According to other officials in Brussels, Mr. Cecchini painted a sombre picture of the outlook for the European textile industry, apparently to alert the unions to the threat posed by intensified international competition, particularly from the developing world.

Viscount Davignon said he had not yet received a letter addressed to him by Mr. Alan Williams, Britain's Minister of State, Industry, which rebukes the Commission for advocating a faster transfer of textiles and clothing production to the developing world.

He expressed surprise, however, that the British Government had not paid more attention to his statement to EEC Foreign Ministers on March 6.

In this, he had promised that whatever textiles agreement the Community concluded in the present GATT world trade negotiations would not be put into effect before 1982 so that the Commission could assess the implications for a future MFA.

The detailed provisions of a new MFA would, in any case, be subject to discussion between governments of the Nine and with the EEC's international trading partners.

While the UK has been among the foremost critics of the Commission's handling of the textiles negotiations in the GATT multilateral trade talks, its decision to rebuke Viscount Davignon is considered in Brussels to be heavily influenced by a desire to please the textiles unions in advance of a general election.

Finnish swing to Right confirmed

BY LANCE KEYWORTH IN HELSINKI

THE UNOFFICIAL results of Monday's Finnish general election not only confirmed the forecast drift to the Right but showed it to be much stronger than anticipated.

The non-Socialist parties polled 58 per cent of the votes cast and now hold 113 of the 200 seats in Parliament, the other 87 going to the two Socialist parties, the Social Democrats and the Communists. About 76 per cent of the electorate voted.

The extraordinary gain—for Finnish conditions—of 10 seats by the Conservative Party, for a total of 45, will be an added complication in the business of forming a viable new coalition government commanding a comfortable majority in Parliament.

Now that the Conservatives, who have been in the wilderness for 12 years, have risen to second position in the party league table, they can hardly be ignored.

Mr. Johannes Virolainen, chairman of the Centre (formerly Agrarian) Party, said that "this has been a protest election." His party lost three seats, finishing with 36.

The other three parties in the outgoing Popular Front coalition Cabinet also lost ground: the Social Democrats lost two for 52, leaving them as still the biggest party; the Communists lost five for 35; and the Liberals' nine seats were reduced to five. The two one-man splinter parties were eliminated.

The Swedish People's Party hung on to its 10 seats, and the Christian League kept its nine. The Rural Party, the *enfant terrible* of Finnish politics, made a surprising gain of six seats and returned eight members.

In a few days, the President, and politicians will begin to explore the possibilities of forming a viable Cabinet. As things look now, the negotiations could take several weeks.

Turkish investment 'will drop further'

By Metin Munir in Ankara

THE DROP in private industrial investment and output in Turkey which started with the recession of 1977 will continue and probably accelerate this year, according to Mr. Sakip Sabanci, the director of the Sabanci Group, Turkey's biggest private industry, banking and insurance conglomerate.

"We have put aside our development programmes and are reeling in a corner like drunken people," he said in an interview with the Financial Times in Istanbul yesterday.

"My appointment book is crowded with people who come to me and offer to sell their factories or shares," he said.

Despite the slump, the sales of the family-owned Sabanci group rose by 23 per cent in 1977 to $2.7bn. Although the group's 1978 figures are not yet ready, it appears that turnover will be even higher owing to steep inflation and sharp price increases.

In industry, the group is prominent in textiles, motor vehicles, cement, food, paper, tyres, plastics and cast iron. Performance was better in industries like textiles which depend on local raw materials, and lowest in plastics.

Mr. Sabanci estimated that overall Turkish industry produced at 50 per cent capacity in 1978. "I very much fear that it may be worse this year," he said.

Mr. Sabanci said that the foreign currency famine had prevented the implementation of his group's diversification into primary products as well as new investments. His project to manufacture trucks with Mercedes had been shelved. Its engineering and know-how agreement with Dupont for the manufacture of nylon yarn at the Kordsa cord fabric plant had similarly been postponed.

The group had laid off between 8 and 10 per cent of the 24,000 workforce. "The programme was to increase employment by between 20 to 30 per cent through capacity expansion and new investments," he said.

According to Mr. Sabanci, the whole of the Turkish private industry was in a similar position to his group.

The industrialist claimed that Turkey's greatest problem was not inflation (running at about 70 per cent), unemployment (20 per cent and growing) or the foreign debt but "mentality." Governments in Ankara were hemmed in by a bureaucracy which was anti-foreign investment and hostile to Turkish private business. The Government was mistaken in assuming that Turkey could end the economic crisis without Western aid, he said.

"Being in debt is better than being jobless," he said.

France will withdraw Chad force

By David White in Paris

FRANCE is to withdraw its forces from Chad, in a gesture clearly aimed at boosting the chances of the "national unity" government due to be installed in N'Djamena, the embattled Chad capital.

The French President's office said after a top-level security meeting that the force, estimated at 2,500, would pull out in stages and in consultation with Chad.

An agreement reached in Kano, Nigeria, on Friday, between Chad's four main political factions and representatives of five neighbouring countries—the latest attempt to end the civil conflict in the country—made no stipulations about the French forces.

The plan calls for an immediate ceasefire, a demilitarised zone around the capital, release of political prisoners, a provisional government and a general election.

● France's foreign borrowings virtually halved last year, but there was a net deficit on capital movements as the drive towards overseas investment gathered pace, writes Terry Dodsworth.

Balance of payments details released yesterday also show the continuing high level of export credit attached to the country's export effort, although there was a slight fall last year—to FFrs 16.4bn (£1.88bn) compared with FFrs 17.7bn in 1977.

On the capital account, the deficit went up to FFrs. 3.7bn against FFrs 3.3bn in 1977. Foreign borrowings amounted to FFrs 13.4bn (FFrs 24.8bn).

ISRAEL-EGYPT PEACE ACCORD

Ambassadors to be exchanged within 10 months

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS released the text of the peace treaty with Egypt, the first-ever peace agreement between the Jewish State and the Arab country with which it has been at war for the past three decades. This is the culmination of a process which was started 16 months ago when President Anwar Sadat of Egypt made his dramatic visit to Jerusalem.

The treaty with its annexes and minutes is based on the agreement reached on a framework for peace between Egypt and Israel at the Camp David summit called by President Carter last September.

The treaty is the same one worked out in the negotiations between the two countries in Washington last October and November. Appended to the treaty are annexes, protocols, minutes and letters which have enabled the two countries to overcome their differences on interpretation of a number of the clauses in the treaty.

Also attached is a joint Egypt/Israel letter on the negotiations about the future of the Israeli-occupied West Bank and Gaza Strip, which will be based on the second of the Camp David framework agreements. The main points are:

1—Israel will withdraw its army and civilians from Sinai within three years.

2—Egypt will establish normal and friendly relations with Israel upon completion of Israeli withdrawal to an interim line running from El Arish to Ras Mohammed in Sinai. The withdrawal to this line is to be completed within nine months.

Menahem Begin—linkage resolved

3—The two countries will exchange ambassadors one month after this.

4—Egypt has agreed to sell oil to Israel on a commercial basis.

5—The two countries agree to start negotiations on the nature of the autonomy regime to be created for the Palestinians on the West Bank and Gaza Strip one month after the treaty is signed and to complete these negotiations within 12 months.

The deadlock which arose after the November negotiations, and which required the personal intervention of President Carter, involved a number of points which appeared minor to outsiders but were regarded as important by Israel and Egypt.

They centred to a large extent on the degree of linkage, if any, between the implementation of the Egypt-Israel treaty and the creation of self-rule for the Palestinians.

One of these issues was the timing of the exchange of ambassadors between the two countries. Egypt had wanted to make this conditional upon the establishment of the self-governing authority in the West Bank and Gaza Strip. Israel objected, arguing that the exchange of ambassadors was an important public symbol of the normalisation of relations. Egypt finally agreed to exchange envoys 10 months after the peace treaty is signed.

Egypt had also sought to link the two issues by demanding a mandatory review of the security arrangements in Sinai after five years. This would have coincided with the ending of the five-year transition period for the autonomy arrangement on the West Bank and Gaza, after which a permanent settlement is to be reached. Israel objected to the fixed time limit.

Mutual agreement

It was eventually agreed that "the review provided for in Article 4 (of the peace treaty) will be undertaken when requested by either party, commencing within three months of such a request, but that any amendment can be made only with the mutual agreement of both parties."

The two sides were also at loggerheads for a long time on the relationship between the provisions of the bilateral treaty and negotiations on the future of the Palestinians, as well as on the treaty's relationship to Egypt's defence pacts with other Arab States. This argument centred on two clauses of Article 6 of the peace treaty.

Clause 2 states: "The parties undertake to fulfil in good faith their obligations under this treaty, without regard to action or inaction of any other party and independently of any instrument external to this treaty."

Egypt wanted this clause to be made conditional upon the comprehensive peace mentioned in the preamble to the treaty. Israel rejected various interpretative notes, arguing that this clause was designed to stipulate that the Egyptian-Israeli treaty stands on its own and is not dependent on the actions of other parties.

An agreed minute attached to the treaty states: "The provisions of Article 6 shall not be construed in contradiction to the provisions of the framework for peace in the Middle East agreed at Camp David. The foregoing is not to be construed as contravening the provisions of Article 6 clause 2 of the treaty."

Dispute overcome

This legalistic obscurity appeared to satisfy both parties and a similar approach was used to overcome the dispute about the meaning of Clause 5 of the same treaty, generally referred to as the Priority of Treaties Clause.

That clause read: "Subject to Article 103 of the United Nations Charter, in the event of a conflict between the obligations of the parties under the present treaty and any of their other obligations, the obligations under this treaty will be binding and implemented."

Jerusalem interpreted this to mean that Egypt was obliged to stay out of a war between Israel and an Arab neighbour, even if Egypt had a defence pact with that Arab state.

Egypt wanted to qualify the clause by stating that its provisions would not prevent Egypt from going to war against Israel if Israel attacked one of the countries with which Cairo shares a defence pact. Israel rejected this, arguing that the Arab states regard the occupation of the West Bank, Gaza Strip and Golan Heights as acts of aggression which justify any attack on Israel.

The compromise worked out on this issue during President Carter's visit leaves all treaties standing on their own with none taking preference over any other.

The other articles in the treaty proved acceptable to the two countries.

The key source of all the disagreements was the future of the West Bank and the Gaza Strip. Egypt and other Arab parties want to see these occupied territories become the basis of a Palestinian state. Israel has offered to grant limited self-rule to the Palestinians living there. Egypt wanted a date to be set for the creation of self-rule institutions. Israel rejected a target date.

It was finally agreed that a mutual letter on the autonomy issue, signed by both President Sadat and Mr. Begin, be addressed to President Carter. This is generally referred to as "the linkage letter."

In the letter it is noted that: "For the purpose of achieving a comprehensive peace settlement in accordance with the (Camp David) framework, Egypt and Israel will proceed with the implementation of those provisions relating to the West Bank and the Gaza Strip. They have agreed to start negotiations within a month after the exchange of the instruments of ratification of the peace treaty.

Self-governing

"Egypt and Israel set for themselves the goal of completing the negotiations within one year so that elections will be held as expeditiously as possible after agreement has been reached between the parties. The self governing authority referred to in the 'Framework for Peace in the Middle East' will be established and inaugurated within one month after it has been elected, at which time the transitional period of five years will begin. The Israeli military government and its civilian administration will be withdrawn, to be replaced by the self governing authority, as specified in the 'Framework for Peace in the Middle East.'

On the vexed question of the oilfields which Israel discovered and operates in the Gulf of Suez, an agreed minute is attached to annex 3 which deals with relations between the two countries. It is stated: "The treaty of peace and annex 3 thereto provide for establishing normal economic relations between the parties. In accordance therewith, it is agreed that such relations will include normal commercial sales of oil by Egypt to Israel, and that Israel shall be fully entitled to make bids for Egyptian-origin oil not needed for Egyptian domestic oil consumption.

East Germany approaches its 30th birthday—duller, gentler, slower and safer than the West

Morale declines as economic problems crowd in

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

THE TANGLED skein of rivalry and co-operation which characterises East-West relations in relations in general and East German-West German relations in particular was graphically underlined at this year's Leipzig spring trade fair. While West German security forces were rounding up another East German spy ring and warning Bonn secretaries to beware of smooth talking Lotharios from the East, Mr. Erich Honecker, the East German (GDR) state and party leader, called at the Krupp stand to complain that trade between the two German states was stagnating and should be revitalised.

This theme was then taken up in wide ranging discussions between Count Otto Lambsdorf, the West German Economics Minister, and East German officials at the fair, and subsequently at a top level meeting with Mr. Gunther Mittage, his East German counterpart, in East Berlin.

During the past few years, the main thrust of East German trade policy has been to diversify and play down the links with West Germany. The importance given to greater inter-German trade thus represents a significant shift of emphasis by the East German leadership, probably not unconnected with the evident Soviet desire to improve relations with Bonn.

Mr. Leonid Brezhnev, the Soviet President, underlined the importance which Moscow attaches to its economic links with West Germany by signing a 25-year economic co-operation agreement, during his state visit to Bonn last May.

Seen in the larger scheme of things, the Soviet Union appears keenly interested in consolidating its relations with Western Europe at a time when transatlantic relations are not at their best and when it is deeply preoccupied with events in Asia and along its southern borders, and in the Middle East.

Last year the Kremlin dispatched Mr. Vladimir Semyonov, one of its most experienced diplomats and German affairs expert as ambassador to Bonn. It has an equally skilled and sophisticated ambassador, Mr. Piotr Abrasimov, in the imposing embassy on East Gerlin's Unter den Linden.

Mr. Andrei Gromyko, the Soviet Foreign Minister, recently singled out West Germany, and to a lesser extent France and Italy, as countries with which relations have significantly improved.

Soviet attitudes towards West Germany clearly influence the overall framework within which the GDR conducts its own relations with Bonn. The atmosphere of the latest round of economic talks in both Leipzig and Berlin were characterised as "friendly and constructive."

Soviet policy objectives include influencing West German attitudes towards the Multilateral force reduction negotiations in Vienna and the wide-open question of so-called "grey zone weapons"—middle range, European-based nuclear weapons—which will form the controversial basis of future negotiations on a SALT 3 agreement. But it is clear that the Soviet Union also values closer trade and financial links with West Germany.

Closer links will also be facilitated by important road and water links being planned to improve communications between West Berlin and West Germany.

These include a 125-mile motorway between West Berlin and Hamburg, the widening and deepening of the existing waterway to the West and re-opening that port of the Teltow Canal in Berlin which was closed in 1961 when the Berlin Wall was built.

These are projects for the 1980s. In the meantime, East Germany is finding increasing difficulty in balancing its trade with East and West. Like most of its Comecon partners, it is battling with labour shortages, transport and fuel bottlenecks and the prospect of a further deterioration of its terms of trade.

Western bankers estimate that East Germany has been running a trade deficit with the hard currency area of $1.3bn—$1.5bn for the past three years. It is also running a substantial deficit of around Roubles 800m (£601m) with the Soviet Union which is, in effect, supplying on credit a certain proportion of the 18.5m tons of oil it currently delivers.

The latest OECD figures estimate the total East German debt to OECD countries at DM 13bn (£3.44bn), of which DM 3.7bn is owed to West German banks and institutions. Last year, inter-German trade totalled DM 8.8bn with East Germany showing a deficit of DM 620m.

West Germany remains far and away the GDR's major western trade partner, accounting for about 10 per cent of the latter's foreign trade against nearly 40 per cent with the Soviet Union and 73 per cent with Comecon as a whole.

Apart from physical proximity, common language and the effect of advertising seen by East German consumers on West German television, East-West German trade is also helped by the DM 840m "swing credit" on an annually renewable, interest free basis and the absence of EEC tariffs on inter-German trade.

Although the GDR, with its traditional industrial base and large-scale investment in building a skilled labour force, has successfully absorbed important technology and developed its own high technology sectors, it still suffers from a chronic labour shortage and a scarcity of raw materials and energy sources, apart from lignite.

Berlin wall at the Brandenburg Gate: cities look grim and neglected

This became dramatically clear this winter when the freezing of waterloged lignite mines, frozen points and railway wagons played havoc with production schedules, and necessitated emergency imports of hard coal from West Germany. A major effort is now under way to catch up lost production through overtime and exhortation, backed up by bonuses, to raise productivity.

But with the detritus of winter lining the streets and the air polluted with the stink of low quality petrol and the smoke from an L. S. Lowry-type landscape of high smoking chimneys, East Germany's industrial towns, like Leipzig, Bitterfeld and Berlin, look grim and neglected. Morale has suffered, as the brave hopes of catching up with the West, in terms of living standards, have faltered.

In private conversation East Germans show an insatiable curiosity about conditions in West. The also express weariness with the unremitting propaganda, and the obsequiousness of the leaders towards the Soviet Union mixed with resentment against the "voluntary contributions" for Vietnam, Africa and all the other places which East Germans are called on to support in the wake of the increasingly frequent fraternal visits of their leaders.

The stub-end of a harsh winter is not the best time to gauge a national mood. But as the GDR prepares to celebrate its 30th birthday as a separate German state, the economic problems appear to be crowding in.

Nothing more has been heard, however, of the so-called "manifesto group" of inner-party dissenters, since the West German news magazine Der Spiegel published the apparently forged document just over a year ago. Cultural dissent has been largely silenced through the expulsion of writers and singers. Ideological dissent—like that of party member, Herr Rudolph Bahro who wrote a critical analysis of East Germany's "real socialism" has been dealt with in a similarly repressive fashion. The Berliner Ensemble is currently playing an Italian political farce by Dario Fo.

Meanwhile, East German sportsmen are preparing at the special sports university in Leipzig for fresh Olympic triumphs in Moscow and managers and trade unions alike are being encouraged to push for greater productivity.

The monetary authorities stubbornly maintain the myth that one East mark equals one Deutsche Mark at the tourist rate of exchange. But foreign goods are only available for East Marks at special "Delikat" shops for two or three times the equivalent Deutsche Mark price in the West. East Germans are able to spend their holidays anywhere from Ulan Bator to Havana but are denied access to the West except under the most pressing family circumstances, or if they are old age pensioners.

Bread, heat, light and housing are cheap, however. Education and health treatment is all paid for by the State, jobs are plentiful, job security virtually absolute and moonlighting for foreign currency is rife. The country is even experiencing a baby boom in response to generous family allowances and maternity pay.

After 30 years, the GDR is different in many ways from the Federal Republic, it is visibly less modern, less Americanised and in many ways life seems duller, gentler, slower and safer.

But in the last resort the situation calls to mind the famous debate between Scott FitzGerald and Ernest Hemingway a propos the rich. FitzGerald maintained that there was something fundamentally different about the rich—to which Hemingway allegedly replied: "Yeh, they have more money."

After three decades of ideology East Germans are not just West Germans without the Deutche Marks—but neither are they "Socialist man."

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OVERSEAS NEWS

Egypt seeks large increase in commodity aid from U.S.

BY ROGER MATTHEWS IN CAIRO

GYPT is seeking a swift and gnificant increase in U.S. commodity aid. Its aim is to demonrate the beneficial effects of ie peace treaty to be signed ith Israel next Monday and to utralise the adverse impact any hostile Arab action.

A U.S. economic team is due complete a preliminary camination of Egypt's requireents before the end of the eek. The decision on further d, in addition to the $1bn ready committed for this year, expected to be political rather an economic.

Independent economists fear at it could have a sharply flationary impact as overall ternal aid for Egypt is already acked up in the pipeline with th domestic resources and the ureaucracy ill-equipped to deal th further large injections.

President Anwar Sadat and s Government, however, have couraged the idea that peace ll bring prosperity, and feel at the threatened Arab boytt of Egypt, coupled with rious difficulties with the raelis over the Palestinian tonomy negotiations, have to offset by evidence of economic gain.

The statement by Mr. Menahem Begin, the Israeli Prime Minister, to the Knesset yesterday that Palestinian audonomy referred to people and not to land underlined the gulf between the two sides and the absence of much Egyptian leverage once the peace treaty is signed.

President Sadat—'peace and prosperity'

In the short-term Egypt seeks increased food imports, mainly to be made available at Government-subsidised outlets, but this would be supplemented by further U.S. assistance to combat the chronic housing shortage and other basic infrastructure problems.

Government subisidies for basic commodities already cost the Exchequer more than $1.5bn a year, and the effect of increased U.S. supplies could be to delay further the willingness of Mr. Sadat to grasp this particular nettle.

Egypt's inability to keep within the budget deficit limits agreed with the International Monetary Fund last summer has illustrated the dangers of a fresh inflationary spurt this year and the destabilising effect this could have on a country in which gross national income per capita is hardly more than $300. Inflation is estimated to be running at between 20 per cent and 40 per cent.

A visit by an IMF team to Cairo this week has been postponed because at least one senior Economic Minister will be accompanying President Sadat to Washington on Saturday.

Welcome for IMF's revised guidelines

By David Housego, Asia Correspondent

THE International Monetary Fund's decision to show more flexibility in its criteria for lending was welcomed in London yesterday by Sri Lanka's Minister for Finance, Mr. Ronnie de Mel.

Protests, mainly by developing countries, at the stringent conditions attached to loans have resulted in the IMF's issue of a new set of guidelines to take account of political and social difficulties. Sri Lanka had objected to the pace at which the IMF tried to force the Government in Colombo to cut back subsidies so as to switch expenditure to development.

Turkey, Peru, Egypt and Zaire have objected even more strongly to conditions set by the IMF.

Mr. de Mel said the Government felt "rather strongly that the IMF did not take fully into account the social and political realities of Sri Lanka."

He said the Government's decision last year to remove the subsidy on rice from about half the population had been a step "fraught with tremendous consequences" because people had been used to it for 30 years. Sri Lanka still had subsidies on flour, bread, cooking oil and bus and train fares, although these were being phased out gradually. Mr. de Mel said this could not be done abruptly without first creating more jobs.

The Government is believed to have been under pressure from the IMF which is said to have argued that because the removal of the rice subsidy did not result in riots and disorder, there was *scope to phase out other subsidies at a faster pace.*

A compromise has now been reached under which subsidies will be phased out over three-four years depending on the creation of new jobs.

THE MULDERGATE SCANDAL

Lawyer 'has Smit murder evidence'

BY QUENTIN PEEL IN JOHANNESBURG

A FORMER South African Supreme Court Judge yesterday claimed he had evidence that two hired German killers were paid to murder Dr. Robert Smit, the former South African representative to the IMF.

The killing of Dr. Smit, who was also a parliamentary candidate, has been linked to the "Muldergate" scandal.

Judge J. F. Ludorf, now a barrister in Johannesburg, issued a statement about the murder of Dr. Smit and his wife on behalf of an unnamed client, a former South African Airways pilot who, he said, was in fear of his own life.

He promised that the pilot would testify to the Erasmus Commission set up by the Government to investigate the activities of the former Information Department.

Judge Ludorf claimed that the killers had been paid R30,000 (£18,000) each for the operation, and that he knew their flight plans, from Luton Airport, England, to Lanseria Airport, outside Johannesburg, he also said he knew who the pilot was, who drove them to the scene of the murder, and whose car they travelled in.

All the information had been given to the police, Judge Ludorf said, although so far no report of progress in the police investigation has been made.

The double murder was committed just before the General Election of November, 1977, in which Dr. Smit was a candidate for the ruling National Party.

Elaborate precautions had been taken to preserve records of the evidence in case his client was killed, Judge Ludorf added, but his statement was "thoroughly corroborated" by both documentation and other witnesses. He claimed that originals of the documents had twice been taken from his client by the South African Security Police.

The Smit murders, in which both victims were repeatedly stabbed and shot, and an unintelligible slogan was painted on the wall suggesting some political motive, have been the subject of continuing speculation.

Dr. Smit was said to have told friends that he had evidence of a scandal in the Government.

Martin Dickson adds: Dr. Eschel Rhoodie, the fugitive former Information Secretary at the heart of the "Muldergate" scandal, now claims to possess documentary evidence that *members of the present South African Government* knew about the secret propaganda projects run by the Information Department.

In an interview with BBC TV, to be broadcast tonight, Dr. Rhoodie says that he has deposited in a European bank vault a "massive document" summarising all the secret projects carried out during the past five years—including current ones—and detailing "who received what" and "who was involved in the field."

He also claims to possess "key documents" containing, among others, the signatures of Mr. Vorster, now the South African President, and Senator Owen Horwood, the Finance Minister.

Dr. Rhoodie, who was in charge of the secret projects, said he had dictated all he knew about them on to tape and also possessed other unspecified tapes which he had not dictated.

Mr. David Dimbleby, who conducted the interview at a secret location in Europe last Saturday, said yesterday that Dr. Rhoodie had given the BBC a photostat of a document which Rhoodie believed proved that members of the present South African *Cabinet had knowledge of the* secret projects.

Mr. P. W. Botha, the South African Prime Minister, has strongly denied such claims and promised to resign and call an election if it is proved that any member of his Cabinet knew about the projects before they were exposed by a government inquiry.

Meanwhile, the South African Embassy in London confirmed yesterday that two members of the Erasmus Commission set up to investigate the Information Department, had been in London but did not disclose what they had been doing.

The Foreign Office said it had been informally advised of the visit, which had not breached diplomatic protocol.

Reuter reports from Washington—The House of Representatives Ethics Committee is investigating reports that South Africa bribed American politicians, Mr. Charles Bennett, its chairman, said yesterday.

Rhodesian liberal attacks Vance and Owen

BY TONY HAWKINS IN SALISBURY

RHODESIAN CRITICISM of the Anglo-American peace plan for Rhodesia intensified yesterday when the moderate National Unifying Force, hitherto a supporter of an all-party meeting, sharply attacked the two Western powers.

Mr. Nick McNally, the party vice-president, accused Britain and the U.S. of "disgraceful behaviour." He said: "Britain, in particular, asserts her responsibility but denies her power. Unable to overthrow *she seeks to undermine.*"

Mr. McNally accused Dr. David Owen, the British Foreign Secretary, and Mr. Cyrus Vance, the U.S. Secretary of State, of seeking to undermine next month's majority rule elections by their belated call for an all-party meeting. Britain's position was *not formally tenable.*

"If she cannot impose her will, let her renounce her responsibility. If she wishes to exert her responsibility let her do so with courage and decisiveness and let the U.S. back her with the authority of a world power or not at all."

Mr. McNally's criticism of Dr. Owen comes from the one group of liberal whites who have adopted hitherto a positive attitude to the Anglo-American peace plan.

Mr. McNally said he found it difficult to understand the purpose of the Owen and Vance announcements of the past few days. He asked why the Foreign Secretary had made his call for an all-party conference at so late a stage. If Britain and the U.S. were unable to act decisively then they should withdraw to the sidelines.

Rhodesia's main daily newspaper, the Herald, adopted a similarly critical attitude yesterday. The paper accused Dr. Owen and Mr. Vance of "a transparent attempt" to upset the *Rhodesian elections*. It said the Western powers could have gone ahead with their plans for Rhodesia months ago but instead they had allowed a veto to the Nkomo-Mugabe Patriotic Front.

Iraq near to purge of Communists

BY IHSAN HIJAZI IN BEIRUT

CONFLICT between the Iraqi Government and Iraq's Communists, which could have adverse effects on Bagdad's relations with Moscow, appears to be coming to a head.

A book just published in Bagdad with state backing presents the Soviet-oriented Communist Party in such a bad light that analysts believe the ruling Ba'ath Party is building up a case for an all-out clamp-down.

A seven-year alliance between the Ba'ath Party and the Communist Party ended last week when the Communists announced that they were no longer members of the Ba'athist-led National Progressive Front.

Coolness between the parties has been growing since May last year when it was disclosed that 21 Communists had been executed for setting up secret cells inside the Iraqi army with the aim of overthrowing the Government. The Communist Party said its members were being suppressed and harassed.

Next the Communists lost their seats on a number of trade union councils, including the press syndicate, after new elections had been held. The seats lost by the Communists were gained by Ba'athist nominees.

In January, nine Arab Communist Parties joined their Iraqi comrades in issuing a manifesto attacking the Bagdad *régime*. The Government retaliated last week by releasing its own statement accusing Arab Communists of opposing Iraq's planned unity with Syria.

The Iraqi Communist Party joined the National Front in 1972 with support from Moscow which signed a treaty of cooperation and friendship with Iraq. The front was supposed to end an old feud between Baathists and Communists.

Last year's executions strained Soviet-Iraqi relations. Although a recent visit to Moscow by Vice-President Saddam Hussein seemed to have cleared the air, Soviet suspicions of the Iraqi regime persisted.

The Iraqi Vice-President's visit helped to persuade Moscow to agree to provide Iraq and Syria with additional weapons. But the Soviet Union failed to meet Syria's requirement that the two Arab countries should be given enough sophisticated weapons to ensure an adequate balance with Israel after the signing of a peace treaty with Egypt.

The anti-Communist book published in Bagdad claims that Jews from Palestine founded not only the Iraqi Communist Party but the entire Arab Communist movement. It alleges that there were seven Jews *among* the 18 members of the central committee when the party took its present form in 1944. The book also denounces what it describes as "the Communist-sponsored massacre of Iraqi Baathists" under the Kassem regime 20 years ago.

Call for 'two-tier poll' in Iran

BY ANTHONY McDERMOTT IN TEHRAN

THE last days of political debate before the Iranian New Year, the recently-formed National Democratic Front (NDF) party, headed by Mr. Hedayatollah Matine-Daftari, called yesterday for a two-tier referendum on a future Islamic republic.

The NDF, which commands the backing of the intellectual middle class, said it emphatically supports demands for *abolition of the monarchy and the establishment of a republic.* But in a second stage, after sufficient time has been allowed for different points of view to be debated, a referendum should consider the nature of the republic.

A review of the main contestants for the referendum, set for March 30, indicates that the supporters of Ayatollah Khomeini will triumph overwhelmingly.

Apart from the masses in support of Khomeini, the Yes vote to the question as it is now to be posed—"Do you agree or not to the replacement of the old régime by an Islamic Republic?"—comes from the following sources:

The National Front, headed by Mr. Karim Sanjabi, the Foreign Minister — a party now enfeebled but a descendant of the political activities of Dr. Mohammed Mossadegh; the Pan-Iranists, a Right-wing group headed by Mr. Mohsen Pezeshkpour; and the Iran Liberation Movement, the closest formal political group to Khomeini and headed by Dr. Mehdi Bazargan, Prime Minister in the provisional Government.

Conditional support comes from the Communist Tudeh Party, which is pro-Moscow and is trying to rehabilitate itself against accusations of being affiliated to the Soviet Union; the Maoist Iranian Communist Party, which has expressed respect for an Islamic Republic, and the recently-formed Islamic Republican Party, which whole heartedly supports the establishment of an Islamic Republic.

The main parties to express either opposition or resrvations about the referendum are:

The NDF, which is gathering *strength among the intellectual* middle classes, who do not question the religious nature of a future régime, but merely whether it should be aggressively promulgated as an Islamic Republic; the Islamic radical Mujahedin-e-Khalq guerrilla group, who have come out against the referendum; and the Marxist Fedayin-e-Khalq, which wants greater discussion of any future Government, before a referendum is held.

Kurdish revolt flares anew

TEHERAN — Fresh fighting erupted yesterday between Iranian troops and Kurdish rebels in the western city of Sanandaj and the revolutionary government said it had sent military reinforcements to the area.

Eight-six people were reported killed and 200 wounded during fighting in Sanandaj on Monday.

A ceasefire was declared on Monday night after intervention by local religious leaders, but yesterday the national radio, the voice of the revolution," quoted Deputy Prime Minister Amir Entezam as saying fighting had resumed.

Mr. Entezam said government reinforcements had been sent to Sanandaj, but gave no details.

Mr. Entezam said rebels still controlled the Sanandaj radio station, had taken over the provincial Governor - General's offices and were laying siege to an army garrison.

It was still not clear how the bloody fighting erupted on Sunday. Religious revolutionary leader Ayatollah Ruhollah Khomeini and members of the provisional government have been careful not to blame the Kurdish population of the area, saying the fighting was fanned by "counter-revolutionary elements."

The fiercely independent Kurds, who also inhabit eastern Turkey and north-eastern Iraq, have been pushing for self-determination for many years.

The Kurds have their own language and culture and belong to the Sunni Moslem faith. Most other Iranian Moslems belong to the Shi'ite sect whose teachings were central to the revolution masterminded by Ayatollah Khomeini.

Reflecting concern over any religious split, Mr. Entezam said today he knew "our real Kurdish Moslem brothers" would not act against the revolution. But he warned that the Government would "wipe out and destroy all counter-revolutionary elements."

One citizen of Sanandaj told foreign reporters by telephone to Tehran that helicopter gunships were supporting the besieged garrison troops for the second successive day, firing *down on Kurdish rebels.*

Yesterday's fighting was on the Persian New Year's eve, with Iranians preparing for a five-day holiday. Several rallies were also held around the country to mark the 28th anniversary of the nationalisation of the oil industry.

Reuter

China urges anti-Soviet action

BY JOHN HOFFMANN IN PEKING

IN THE FIERCEST verbal attack on Moscow for some months, China has called on the rest of the world to "dare to fight" to stop Soviet expansion.

An editorial published yesterday by the official New China News Agency says that compromise or concession would not slow the Soviet Union in its "quest for world supremacy."

It suggests other nations should note the lessons learned by various countries in combating "Soviet hegemonism."

Tracing the increase in Soviet influence throughout Africa and into the southern end of the Arabian peninsula, the editorial says that "the whole of the Arab world is now feeling uneasy."

Now the Soviet Union was backing Vietnamese encroachments in South-East *Asia*. Vietnam had marched into Cambodia with Moscow's help but against the advice of other countries.

"What are we to do?" the editorial asks, prefacing what amounts to a call to arms. "If all peace-loving countries strengthen unity, support each other and dare to fight, then any aggressive schemes of the Soviet Union and its lackeys can be smashed."

The editorial gives examples of military actions which it says have rebuffed Soviet-inspired incursions. In May last year a Soviet-Cuban plan to overthrow *the Zairian Government had* been defeated by the intervention of French and Belgian paratroops and soldiers from other African nations, it says.

In Cambodia, the Vietnamese occupation was being "bogged down" by a resistance army. And China's recent armed invasion of northern Vietnam had "dealt a blow to the Soviet Union's scheme of aggression and expansion

Europe calls for prompt oil-saving action by U.S.

BY OUR WASHINGTON CORRESPONDENT

HERR GUIDO BRUNNER, the EEC's Energy Commissioner, made a strong plea yesterday to Dr. James Schlesinger, the U.S. Energy Secretary, for the U.S. to take swift action to save oil.

He said it was barely tolerable to European countries that the U.S. should be consuming a record 21m barrels a day.

Herr Brunner's remarks come after the Camp David strategy session that President Carter held on Monday to map out ways of curbing energy use without losing further ground in the fight against inflation. White House officials said no decisions had been reached.

Herr Brunner, who is visiting Washington, acknowledged that it would be presumptuous for Europeans to prescribe exactly what the U.S. Administration should do. But he considered that only a big increase in domestic oil prices this year would suffice to preserve confidence in the dollar and make a dent in U.S. consumption. Tax rebates and the like could be used to offset the inflationary impact of an increase.

President Carter has power from June 1 to lift controls completely from domestic oil, or he could phase them out gradually over two years. Though the latter course is considered the only politically realistic one by Mr. Carter's advisers, Herr Brunner implied that it might not be enough to satisfy Europe.

The Energy Commissioner has signed a reactor research safety agreement with the Nuclear Regulatory Commission here. Herr Brunner said the European Community had now completed an agreement with the Vienna-based International Atomic Energy Agency on inspection of EEC nuclear reactors. This had been an issue between the U.S. and the EEC, and for a time last year led the regulatory commission to ban uranium shipments to Europe because of what it said were inadequate inspection checks there.

The Administration is expected to announce action on energy-saving before the Organisation of Petroleum Exporting Countries meets in Geneva on March 26, so as to show OPEC that the market will not tolerate further big increases. Herr Brunner feared that the Geneva meeting might put into effect from April 1 all the remaining price increases that OPEC has said it will stagger throughout the rest of this year.

Dr. Schlesinger has been urging President Carter for some weeks to issue a new energy policy statement. This has been delayed because of the President's preoccupation with Middle East diplomacy.

Herr Brunner thought that a strong cohesive OPEC was essential for the industrialised countries and that recent increases by individual OPEC producers made for a dangerously erratic market. He went on to push his idea for a group of senior officials from producing and consuming countries to meet periodically to review oil-price behaviour. The idea had met with some support from OPEC leaders he met recently, Herr Brunner said.

Attacking the U.S. for its wastefulness in energy, the Commissioner noted that in Europe since the 1974 price rises the cost of petrol had risen a further 60 per cent in the case of Germany, over 100 per cent in France and Britain and 240 per cent in Italy. He forecast that petrol at $1 a gallon was inevitable in the U.S. later this year.

Gag on Energy Bill debate

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Government, accusing the Opposition of delaying tactics, is to impose the guillotine on debate in the Commons of its emergency energy legislation.

The move was designed to ensure that the Bill would get through the Commons and possibly be passed by the Senate by the end of this week, clearing the decks for Mr. Pierre Trudeau, the Prime Minister, to call a spring election.

The Energy Minister, Mr. Alastair Gillespie, served notice in the Commons that he would seek the guillotine to limit debate and force a final vote on the Bill in the Commons by tomorrow at the latest.

Introduced in mid-February, the legislation was described then by Government officials as an urgent requirement to meet commitments given to the International Energy Agency and to deal with a potential national energy crisis. It allows the Government to allocate petroleum and coal resources and to impose rationing if necessary.

● The Canadian Government has tabled legislation to prolong for another year, until April 1, 1980, the existing Bank Act which would otherwise have expired at the end of this month. The revised Act would allow the setting up of foreign-owned banks in Canada.

Schlesinger calls pipeline conference

BY DAVID LASCELLES IN NEW YORK

DR. JAMES SCHLESINGER, Energy Secretary, yesterday summoned the main figures involved in the Sohio pipeline wrangle to Washington for talks aimed at reviving the $1bn project.

Participants included Mr. Alton Whitehouse, Sohio's chairman, Senator Alan Cranston of California, and senior officials of the Californian environmental agencies.

Last week, Sohio announced abandonment of the project to pipe Alaskan crude from the West Coast to the central and eastern U.S. because of bureaucratic and environmental obstacles.

However, the pipeline's potential importance for U.S. energy has prompted a move at high levels to persuade Sohio, a British Petroleum subsidiary, to reconsider its decision.

Sohio has said that only "a miracle" would do this.

Teamsters' vote

Stewart Fleming writes from New York: The Teamsters' union leadership is planning to ballot its members for authority to call a national strike if negotiations on a new three-year contract in the U.S. trucking industry break down without agreement.

The present contract expires on March 31, and Federal law requires that the union's membership authorise strike action in advance.

Bargaining table

The move by the leadership is thus part of the bargaining routine. But it increases the pressures at the bargaining table, where the teamsters are reportedly seeking a 35 per cent wage and benefit rise in the new contract — an increase which would almost certainly break the Carter Administration's wage and price guidelines.

AP adds: Profits of U.S. corporations increased 26.4 per cent last year, the most in nearly three decades, the U.S. Government said yesterday. Administration officials described it as a "catastrophe" for the U.S. anti-inflation programme.

Rebellious island looks to British fold

By David Tonge

ONE fresh member of the United Nations or even possibly two and a fresh colony for Britain could emerge from the talks taking place this week in London on the future of three of the Lesser Antilles: St. Kitts, Nevis and Anguilla.

These three islands in the Leeward group may have a total population of a mere 55,000 but the talks involve intricacies which would delight the mediaeval scholar.

They are, one is told, not "constitutional talks" but that lesser breed, "talks on constitutional developments." Should all go well, they could lead to constitutional talks, but there are some intricate obstacles first to be overcome.

In their 160 years as some of the gems on the British crown, the three have been a single territory, a separate colony, a part of the West Indies Federation and an Associated State.

In 1969, Anguilla "seceded" from that state, a "rebellion" which led to the then Prime Minister, Harold Wilson, calling on the might of the British security forces—to be greeted by smiles and Union Jacks.

Now Anguilla is in the unique position of seeking to become a British colony again. For this, it needs the agreement of the St. Kitts and Nevis Assembly, a unified chamber.

Mr. Paul Southwell, the Prime Minister of the State, has indicated his agreement to letting the 6,500 Anguillans return to the British fold. But he seems far less enthusiastic about agreeing to the demands of the 12,000 Nevisonians that they should be allowed to become a seperate independent nation.

Developments such as the swing to the Left in Grenada strengthen the hands of local conservatives, who argue that the islands are too small to risk floating on their own. The main products in St. Kitts are sugar, molasses, cotton and salt; in Nevis, cotton; and in Anguilla, salt.

● Britain has not yet recognised the new revolutionary government in Grenada though a Foreign Office official from the High Commission in Port of Spain has been visiting the island in an unofficial capacity. He reports that the sland is quiet.

Attitudes hardening in Sao Paulo strike

BY RIK TURNER IN SAO PAULO

THE STRIKE by 200,000 Sao Paulo metalworkers moved into its second week yesterday with attitudes hardening and allegations of foul play being made by both sides.

Though their action was declared illegal on Wednesday of last week—the day before Brazil's new Government took office—the three unions have gone on undeterred.

Pickets, seen in this strike for the first time in 10 years here, have been the object of repressive measures by the police, such as beatings, the use of teargas, and arrests.

Sr. Otavio Gonzaga, Sao Paulo's Public Security Secretary, has alleged that the union leadership has been infiltrated by the Trotskyist Convergencia Socialista. "The picketing carried out to date recalls an old Communist tactic," he added.

His allegations have been vigorously denied by Sr. Luis Inacio da Silva, president of the Sao Bernardo metalworkers union who has called for an end to picketing, because of the hard line taken by the police.

On Monday, Brazil's new President, Gen. Joao Baptista Figueiredo, affirmed the Government's resolve not to give in to pressure from what he termed "elitist unions carrying out illegal strike action."

The employers have dropped their initial proposal, accepted by 29 smaller unions at the beginning of last week, for a sliding-scale wage increase. They are now offering the three unions involved a 63 per cent across-the-board increase.

However, this would discount rises won in strikes in 1978, and so effectively reduces to around 48 per cent. As a result, the unions are now asking for a blanket 78 per cent increase.

Peru editors held

LIMA — Police raided the cathedral here yesterday, and took away four leading Peruvian journalists who had chained themselves into a crypt, to begin a hunger strike in protest at the military Government's restrictions on Press freedom.

The four had placed gags editors of three independent publications closed down by the Government, were taken away in ambulances, apparently to a police hospital, after their strike had lasted 13 hours.

The four took away gags across their mouths in symbolic protest at the gagging of Peru's press. A leaflet handed out through the bars of the crypt said: "The Government is converting the process of its much-talked-of opening 'towards democracy' into a farce."

The group is led by Sr. Enrique Zileri, editor of Caretas, Peru's leading independent publication and a consistent critic of the Government.

A judge had allowed the raid on the basis of a Peruvian law banning hunger strikes—considered an attempt against "ones' own health."

Nearly all of the independent press was closed two months ago, on the grounds, it was claimed, that a general strike was being fomented by "agitators."

Peru, in fact, is going through one of its calmest periods for the past few years. Agencies

China in bid to defer payments

BY RICHARD C. HANSON IN TOKYO

CHINA APPEARS to have changed its thinking on accepting some yen-based financing of its imports from Japan under the long-term trade pact, but on terms not necessarily favourable to the Japanese.

Mr. Liu Xiwen, the Vice-Minister of Foreign Trade, now in Tokyo for discussion on trade, said China would be willing to settle plant import deals from Japan half in yen and half in dollars on a deferred payment basis.

It seems, however, that the Chinese would like to utilise such a half yen, half dollar scheme for contracts which it has already signed on a cash-on-delivery basis.

The contracts, 29 in all, have not been implemented because of financing problems on the Chinese side. Mr. Liu, according to reports, said yesterday that five of the projects could go ahead on a cash basis, including an ammonia plant and two chloride vinyl monomer plants. China would like to pay for the rest on a deferred basis.

The Japanese Government has been offering China the option of financing in yen suppliers credits from the Export and Import Bank of Japan, tied with dollar loans raised in co-operation with commercial banks.

The Japanese businessmen who negotiated with the Chinese in bursts of enthusiasm last year appear to have been outmanoeuvred by the Chinese bureaucrats. China managed to sign tentative contracts with set prices for plants from the Japanese while leaving separate negotiations on the financing for later. When it became apparent that China would not be able to meet the cash payments for the plants, China declined to give final approval after an agreed 60-day post-signing period.

This left the Chinese in a relatively strong position against the Japanese, who must get the Chinese to agree to financing terms in order to sell their products.

Sanwa Bank, having learned this lesson, said yesterday that it has sounded out the Chinese on a different financing scheme for a project to modernise the Taiyuan steelworks in Shansi Province being arranged by Nisshin Steel. This would set financing terms at the same time as the contract is signed.

Sanwa Bank would form a syndicate of banks to provide the financing which in turn would be paid back—after a grace period for completion of the expansion—from proceeds from the export of steel products.

The Chinese have previously declined to accept yen financing, citing the foreign exchange risks of borrowing a strong currency like the yen.

Under a separate proposal, the Japanese have also offered a loan from the Exim Bank which would come under the classification of a united credit for the development of natural resources—not subject to the OECD "gentlemen's agreement" on interest rates permitted on export subsidy loan of around 7.25 to 7.5 per cent per annum.

Japan could lend from $1bn (£494,193) to $2bn to China on this basis at an interest rate of 6.25 per cent per annum. However, it would be subject to criticism from the U.S. and other countries who could view it as skirting the export loan restriction through a technicality in order to lower the overall cost of borrowing from Japan during the life of the trade pact.

The loans presumably would go to finance the development of oil resources in the southern part of Pohai Bay, for example.

This project (negotiations have been suspended since last month) is participated in exclusively by Japanese concerns, which makes the "untied" classification somewhat questionable.

Japanese commercial banks are waiting for a response from the Bank of China on a plan to lend up to $2bn in a long-term syndicated loan with short-term trade credits of up to $6bn.

● Japan and China have agreed to extend their existing eight-year private trade agreement by five years until 1990 and either double or treble the volume of trade to $40bn or $60bn, officials at the Japanese-Chinese Economic Association said yesterday. Reuter reports from Tokyo.

China reduces imports, Page 29

Finance for Iran project

TOKYO — The Japanese Government is considering financial assistance to the $3.25bn (£1.63bn) petrochemical plant at Bandar Shapur which is nearly 80 per cent complete but which ran into problems because of the Iranian revolution.

Mr. Toshikuni Yahiro, vice president of Mitsui, the Japanese partner, said the Government was being asked to invest Y25bn (£59m).

The Japanese Finance Minister, Mr. Ippei Kaneko told a press conference the Government was studying possible financial support with funds from the Export-Import Bank of Japan and the Overseas Economic Co-operation Fund.

Meanwhile, Mitsubishi petrochemical and the Dutch Shell group have agreed to establish by May a 50-50 joint venture company to produce and market epoxy resin in Japan.

The new company, Yuka-Shell Epoxy, will have a capital of Y1bn and will be capable of producing 20,000 tonnes annually. This would give it a market share of 40 per cent for epoxy resin, which is used in local production of paint and adhesive agents. Reuter

Hungary curbs Western imports

BY PAUL LENDVAI IN VIENNA

THE HUNGARIAN Government has decided to freeze imports from the West at last year's levels and to undertake an all-out effort to increase sales to hard currency markets by 10 to 11 per cent on the 1978 figures. Faced with a rapidly growing trade gap with the West, the Government has now singled out the improvement of the external trade balance as the single most important task on the trade front this year.

These are some of the main conclusions to emerge from a Press conference given by the Minister of Foreign Trade, Mr. Jozsef Biro in Budapest. The Minister revealed that last year exports to the West were up by 8.9 per cent but the import bill jumped by 23.3 per cent, which considerably increased the visible trade deficit.

The main reasons were shortages in the key agricultural and food industry. Thus, for example, exports of grain were down by 1.2m tons and shipments of cattle and beef also lagged behind planned levels. One bright spot was the improvement in the terms of trade by 1 per cent against the planned or rather expected deterioration of 1 per cent.

Meanwhile trade with the Soviet Union and the Comecon countries developed satisfactorily but the terms of trade deteriorated by 2 per cent. Exports to the Comecon countries were up last year by 6 per cent and imports by 16.4 per cent. About one-third of the exports are produced under co-operation and specialisation.

Air France to buy five A310 Airbuses

By Michael Donne, Aerospace Correspondent

AIR FRANCE, which is already a big user of the A-300 Airbus, has signed a letter of intent, described as "tantamount to an order," for the new 200-seat A-310 version.

The deal is worth about $50m (£25m) including initial spares. The aircraft are due for delivery during the first half of 1983.

Last week, Swissair signed with Airbus Industrie a contract for 10 A-310s, with an option on 10 more, in an investment decision worth more than £200m.

Textiles probe

The Canadian Government has announced that its revenue department is investigating allegations by clothing makers that textile factories have been taking advantage of import quotas and the low value of the Canadian dollar to boost prices. Victor Mackie reports from Ottawa.

Trade mission

A London Chamber of Commerce and Industry trade mission leaves on Friday on a tour of Australia and New Zealand in a bid to reassert the UK's traditional position with two of its largest markets.

Aramco contract

Racal-Milgo, a unit of Racal Electronics, yesterday said it had finalised a "substantial" contract with Arabian American Oil Company (Aramco) for the supply of data communications equipment. Installation of the equipment will begin in May, 1979, and will be completed during the first quarter of 1980.

Anglo-Indian container service planned

By K. K. Sharma in New Delhi

THREE INDIAN shipping lines have negotiated with three British shipping companies to provide a container service between ports on the Western coast of India and British ports. An agreement is to be signed soon.

The Indian lines are the Shipping Corporation of India, the Indian Steamship Company and Scindia Steam Navigation. While the UK companies are Ellerman City Lines, Anchor Line and P & O. All six lines are members of the Karmahom conference and have agreed to charge common rates for the services.

Final negotiations on the pooling of cargo and revenue and the freight structure remain but shipping circles here do not expect these to present any difficulty. It is possible that the service will be extended to European ports when interested Continental lines are drawn into the operation.

UK companies urged to develop SE Asian ties

BY MARGARET HUGHES

MR. JOHN SMITH, Britain's Secretary of State for Trade, yesterday urged British companies to establish a strong presence in South East Asia—a market which, he said, will treble by the end of the century.

Speaking at a London Chamber of Commerce lunch Mr. Smith pointed out that despite Britain's strong historical, political and commercial links with the area its share of the rapidly expanding markets of Singapore and Malaysia, for instance, has halved since the mid-1960s.

During his recent visit to South East Asia, Mr. Smith said, he had been convinced that there are major project opportunities for British companies in the area. These were mainly in power generation projects; infrastructure including ports, airports, harbours and railways; urban development programme ranging from mass rapid transit systems to garbage disposal schemes.

Mr. Smith said the time was ripe for British companies to make the most of these opportunities because these countries are anxious to diversify their sources of supply away from Japan, and the U.S. on which they are all heavily dependent. But he warned that the competition from these traditional suppliers would be tough, particularly "as many of our competitors are skilfully using aid and commercial credit to undercut us."

He welcomed the British Government decision to allocate five per cent of aid funds to allow British companies to offer a mixture of aid and credits to finance exports for "developmentally sound" contracts.

Exporters at the lunch confirmed that the new mixed credit facility had helped them in bidding for projects but it was suggested that the scheme should be extended to cover small volume business.

ECONOMIC COMMISSION FOR EUROPE REPORT

Eastern Europe's deficit increases

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

EASTERN EUROPE'S trade with the West moved further into deficit in 1978 but a growing surplus on trade with the developing countries helped to redress the overall balance. Availability of Western credit permitted the financing of deficits and of high technology imports. This is the picture of recent economic developments in Eastern Europe and the Soviet Union in the year ending September, 1978 drawn by the annual report of the UN Economic Commission for Europe.

The commission's estimate of net indebtedness, that is to say gross debt minus repayments, minus foreign currency reserves kept in Western banks and minus the borrowing of Comecon banks in Western markets, rose to $47bn (£23.5bn) last year from the $37-40bn estimated for 1977. Of this total some $8bn is self-liquidating to the extent that it is repayable through deliveries of products from specific investment projects linked to Western finance. The latest estimate is in line with those issued by the Bank for International Settlements although the Commission makes clear that it has tended to under-estimate the level of indebtedness in the past as subsequent evidence has shown that indebtedness proved to be much closer to the higher than lower reaches of their debt estimate ranges.

After making a big effort to boost exports and cut back on imports from the West in 1977 most East European economies found greater difficulty in penetrating Western markets last year. This is reflected in a 16 per cent rise in imports from the West, while exports rose only 11 per cent. Thus the commodity trade deficit of the East European economies rose to an estimated $6.5bn last year compared with $4.9bn in 1977 and $9.3bn in 1975.

The Commission warns that East-West trade tends to be particularly active over the last quarter of the year and that such extrapolations of nine months figures have to be taken with caution. This is believed to be an especially important proviso this year in that some countries, of which Poland is the most obvious example, registered a sharp deterioration in their overall trade performance over the last quarter, due mainly to imports of grain. The overall trade deficit figure is therefore probably above the $6.5bn figure estimated by the Commission.

Over and above the trade aspect meanwhile the East European deficit on the services account is also estimated to have risen from $1.6bn in 1977 to $1.9bn last year. This mainly reflects interest repayments but also includes net income from the sale of licences and technology. The Commission estimates that the sale of licences to Eastern Europe is now running at around $250m gross annually but notes that the reverse flow of East European licences sold to the West is small but rising steadily.

Significantly the transport and insurance account is now close to balance, reflecting the rapid expansion of East European merchant shipping fleets in recent years and the practice of buying their imports on an FOB basis and quoting for exports on a CIF basis, with the bulk of both shipping and insurance done by Soviet and East European companies.

As regards the delicate question of East Europe's ability to repay the interest and capital on its accumulating foreign debt the Commission estimates that the overall debt service ratio still remains below what it describes as the "permissible limit" of 25 per cent. It estimates that total East European hard currency earnings totalled $34bn last year.

Faced with growing difficulties in penetrating Western markets, because of quota and other restrictions, last year saw a significant increase in intra-Comecon trade and a further expansion of trade with the developing world. Over the first nine months of 1978 intra-Comecon trade is estimated to have risen by 8 per cent, which is more than twice the increase registered in 1976.

The most important aspect of higher intra Comecon trade is the way this has increased the indebtedness of East European Comecon members vis a vis the Soviet Union which has built up a trade surplus of around $5bn with its Comecon partners since 1975. This is mainly a reflection of the improved terms of trade accruing to the Soviet Union because of increases in the price of its oil and gas sales in particular. In effect this represents a loan to Eastern Europe from the Soviet Union and in fact part of this deficit has been formally converted into 10-year loans to the countries concerned.

However one of the most interesting new facts to emerge from this year's report is that Poland, which is believed to have received a special loan from the Soviet Union in the wake of the 1976 food riots, has now reportedly paid back part of its loans from the Soviet Union.

Meanwhile the Soviet Union is now expected to step up its imports from its Comecon partners in order to enable them to to reduce their debt.

At the same time as the Soviet Union has been stepping up its trade with Comecon it has also chalked up a growing surplus on its trade with the developing countries which is now running at an estimated annual rate of some $3bn. This is a major factor in helping it offset its trade deficit with the West while the overall East European surplus of $4.3bn in trade with the developing countries is reflected in growing indebtedness of these countries to Comecon as a whole.

As for the prospects for East-West trade in 1979 the Commission reports considerable potential scope for the expansion of East European exports to the West given the expected 4 per cent growth in OECD industrial output this year while imports are expected to be held back in view of the overall debt situation.

Even after efforts to boost exports in 1977, most East European economies found difficulty in penetrating Western markets last year. Imports from the West rose by 16 per cent while exports to the West rose by only 11 per cent.

UK NEWS

Government and price board 'risk conflict'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION risks a collision course with the Government in trying to affect nationalised industries' pricing policies, Mr. Charles Williams, Commission chairman said, yesterday.

Mr. Williams's comment follows last week's bitter behind-the-scenes wrangling in Whitehall over the Commission's decision to freeze the proposed 8.6 per cent increase in electricity prices.

The Treasury and Mr. Anthony Wedgwood Benn, Energy Secretary, are believed to have advocated vigorously the use for the first time of the Government's veto of a Commission price freeze. They argued that a freeze would endanger the industry's chances of meeting its annual financial targets set by the Treasury.

Although Mr. Williams acknowledged that the financial targets had to be taken into account by the Commission, he argued that it had to decide whether the targets could be met by increased efficiency and cost reductions rather than by price rises.

The Commission is evidently concerned that conflict might continue between its attempts to permit only unavoidable price rises in the nationalised industries and the desire of the Treasury and individual Ministers to meet financial targets for particular industries.

Next week, the Commission must decide whether to freeze the proposed 8-9 per cent increase in gas charges. A similar conflict might occur next month over postal charges.

Retrospective

A related issue is the Commission's publicly stated aim of ensuring that companies in the private and public sectors operate efficiently and thus minimise price rises.

That, however, is a long-term policy, while the Government has set short-term financial targets, of a year, for the nationalised industries.

It also emerged yesterday that the Commission had offered the Electricity Council a plan for raising prices in two stages. But the council made clear last night that it considered that the formula may have been illegal as well as unfair to electricity consumers, in that it might have involved them in paying price increases retrospectively.

The Commission's latest quarterly report, covering the three months to end of January and published yesterday, also emphasises inflationary pressures.

In the three months under review, price rises notified to the Commission averaged 348, totalling £721m a month: the highest flow of notifications since the present Commission was set up in August, 1977.

The average percentage price increase notified to the Commission was 5.7 per cent, compared with 4.8 per cent in the previous quarter.

In February, the number of notifications received by the Commission was 370, valued at £930m.

● Mr. Williams said yesterday that The Daily Telegraph had been told that the Commission had no authority to pay the invoice sent in respect of the company's time in dealing with a Commission investigation.

British Steel seeks majority stake in Dutch chemical plant

BY ROY HODSON

TWO DEALS being arranged between the British Steel Corporation and private sector companies are designed to give the corporation a base for chemicals manufacture in Continental Europe and a bigger share of the British steel stockholding market.

BSC (Chemicals), a wholly owned subsidiary of British Steel with an £80m annual turnover, is negotiating for a majority holding in Cindu Chemie B.V., which has a chemicals manufacturing plant at Uithoorn, Holland.

No figure has been given for the proposed purchase. But the board of Cindu-Key & Kramer, which owns Cindu Chemie B.V., stated in Amsterdam last night that it was recommending that the talks continue. Both companies, it said, had given full consideration to the rules of the merger code.

The production and sales of Cindu Chemie are mainly in coal-tar derivatives. BSC (Chemicals) is already the second largest tar distiller in Europe and exports 20 per cent of its production. The Dutch plant would provide BSC (Chemicals) with a useful springboard for building up sales in the Continental market. BSC (Chemicals) was the only profitable sector of British Steel last year. It contributed £5.7m whereas the corporation lost £443m.

The man behind the British side of the deal is Mr. David Waterstone, a member of the British Steel main board, and chairman of BSC (Chemicals).

He has alredy forged one link between British Steel and Dutch industry by merging the corporation's offshore rig building interests in Scotland with de Groote, of Holland, to form a joint company Redpath de Groote, Caledonian.

The Dunlop and Ranken steel stockholding company is being bought by British Steel for £2.4m from the 600 Group. The deal has had Government clearance and the parties do not expect it to be referred to the Monopolies and Mergers Commission.

At a time when steel stockholding is generally depressed, British Steel is buying its way further into the business. Acquisition of Dunlop and Ranken will raise British Steel's share of the general steels stockholding trade in Britain from 8 to 10 per cent.

Dunlop and Ranken has main steel service centres in Leeds, Wolverton in the Midlands, and Coatbridge, Scotland, together with warehouses in West Bromwich, and Bristol. British Steel has given assurances that the interests of the 490 employees and management will be safeguarded. The name Dunlop and Ranken will continue to be used as part of the British Steel Service Centres stockholding business.

Call for action on lead pollution

By Sue Cameron, Chemicals Correspondent

A CALL for the Government to take firm action against lead pollution was made yesterday following the release of a Greater London Council report on lead levels in air and dust.

The report shows that lead levels near a south London smelting works are up to four times higher than the legal maximu mpermitted in children's toys. The GLC research team found over 10,000 parts of lead per 1m of air near the Manor Metal Works at Abbey Wood, Greenwich. The maximum amount of lead allowed in children's painted toys is 2,500 ppm.

The Manor Metal Works, owned by Chloride Metals, is opposite a primary school and yesterday a lead pollution expert claimed, that the children's mental development was being hindered by the high lead levels.

Professor Derek Bryce-Smith, head of the chemistry department at Reading University, demanded that the Government ban any use of lead in petrol and introduce legislation forcing companies to site lead smelters in non-residential areas. Prof. Bryce-Smith, who measured lead levels near the Manor Metal Works himself last year, said industry would "only take action if forced to do so by the Government."

Findings confirmed

"The GLC report confirms and extends our own findings last year," he said.

"The lead smelter at Abbey Wood is a hotspot for pollution but all city children are now at risk from lead. They take in lead from lead smelters, from other factories that use lead and from petrol exhaust fumes.

"There is mounting evidence that lead pollution can disturb the brain development of children and according to some research the effects can be permanent. As a result, children's performance at school deteriorates and there is often a significant change — for the worse — in their behaviour.

"Lead levels do not have to be high for children to be affected in this way. It can happen to children who are perfectly fit physically and who show no signs of suffering from lead poisoning," he said.

The GLC report says blood tests carried out on children living near the Manor Metal Works gave "no cause for alarm." The lead levels in the the children's blood were "well within accepted normal ranges."

The report is to go before the GLC public health services and health committee tomorrow. Yesterday Mr. Stanley Bolton, the chairman of the committee, said the GLC did not want to increase anxiety or "create unnecessary alarm" among local people. But he said it would "have no hesitation in pressing for steps to be taken to reduce these lead levels." He also said the GLC would consider measuring lead levels at other smelting works in residential areas of London.

Chloride Metals, however, suggested yesterday that the GLC's research findings could soon be out of date. It said it had just installed £500,000 worth of pollution control equipment at Manor Metal Works and the machinery was due to come into operation during the next few weeks.

The company stressed that the new equipment would bring about a "substantial reduction" in lead pollution near the plant. It added that there had been a smelting works on the Manor Metals site for over 50 years.

National Theatre dispute widens

BY ARTHUR SANDLES

THE DRAMA of the stage hands dispute at the National Theatre in London heightened yesterday with both sides exchanging bitter accusations over money. The stage hands, on unofficial strike, accused the theatre of financial mismanagement and the theatre replied that "the only extravagance" had been the money it paid its stage hands.

There have been no performances since Friday and the National had to cancel its presentations last night.

Talks are still going on with the National Association of Television, Theatrical and Kinematographic Employees. Mr. John Wilson, general secretary of the union, has written to the 27 strikers telling them to halt action which hit performances. The theatre suspended the staff after this instruction failed to have effect.

Immediate resumption of performances seems to depend on whether the union provides alternative stage hands.

The strikers have refused a 5 per cent plus 4.8 per cent productivity pay rise agreed by union and management.

Bitterness crept in when the stage hands leaked a list of alleged unnecessary spending by the National. The stage staff claimed that in a production of Tamburlane, a wall of real brass sheeting was painted over because someone had changed his mind, and that a £2,000 dress remained unused; that in another play £300 was spent on handmade shoes for Sir Ralph Richardson, and that in yet another a £500 stereo unit was bought when a dummy could have been used—the equipment, it was claimed, had since disappeared.

The National Theatre last night said that the accusations were "absolute rubbish. We have only had time to check about half the accusations. Some of them refer to productions two years ago, but those we have checked have proved to be nonsense."

The management claimed that the behaviour of the stage hands was "our only extravagance," saying that they were paid an average of £138 a week, more than three-quarters of what the acting staff were paid. They had cost the theatre £85,000 through their unofficial action.

Lada car prices rise by 5½%

THE UK prices of Russian-built Lada cars are to go up by an average of 5½ per cent from today. This takes the price of the popular 1200 saloon over £2,000 for the first time.

Satra Motors, importers of Lada cars, has also dropped the 1500 saloon from the range available in Britain.

Price increases include the Lada 1200 saloon, up from £1,790 to £2,040; the Lada 1600 saloon up from £2,355 to £2,670 and the top-of-the-range Lada 1600 ES saloon, up from £2,663 to £3,048.

Tories may offer £1,000 homes bonus

BY PAUL TAYLOR

FIRST TIME house buyers may be offered a £1,000 bonus towards their deposit under a scheme being considered by Conservative Party leaders. If approved it could involve a future Conservative government in an initial cost of up to £200m.

An extension of the present tax-free bonus and loan scheme for first time buyers introduced by the Government in December, it has been proposed by Mr. Hugh Rossi, the Conservative spokesman on housing. Prospective first-time buyers would be offered a Government bonus of £1 for every £2 they saved towards a deposit.

The £1,000 ceiling on the grant has not been officially sanctioned by the Shadow Cabinet but is likely to be provided that the general economic climate does not worsen. The scheme would operate for a restricted list of acceptable savings accounts, probably with building societies, and the grant would be payable only on "reasonably priced" homes after a two-year savings period.

It is understood that the initial cost of the scheme could reach £200m and is likely to be a central feature of the Conservative Party housing strategy.

The Conservatives are pledged also to repeal the recent restrictions imposed by Mr. Peter Shore, Environment Secretary, on sales, and to give every council tenant the right to buy his own home.

Discussions on the level of discount made available to council house tenants are still continuing although it is likely that the Conservatives will approve a scale of discounts on market price rising to about 50 per cent.

In addition the Conservatives are examining the working of the 1974 Rent Act and are expected to approve proposed amendments providing tenants in furnished and unfurnished property with short-term tenures. This would give them security on a limited basis of perhaps two or three years.

● Representatives of the local authority associations involved in housing provision yesterday met Mr. Reg Freeson, Housing Minister, to discuss the details of the forthcoming Housing Bill.

The associations are understood to have expressed concern about aspects of the "tenants charter," which would provide statutory security of tenure for council tenants, and to have argued that the proposed Bill represented a threat to local authority autonomy.

Courage sued by Bacardi

THE BACARDI rum company has started proceedings against the Courage brewing group, several of its subsidiaries and licensed outlets because of an alleged substitution of another brand from Bacardi.

Bacardi alleges that the Dry Cane brand of rum was served without explanation in response to orders for Bacardi rum in several Courage licensed outlets.

The move is the latest attempt by Bacardi to protect its substantial market share of the fast-growing white rum market, which accounts for some two-thirds of total rum sales.

Bacardi says that since it is dominant in the white rum market, people may use the trade name Bacardi when asking for white rum. But Bacardi has been anxious to ensure that where Bacardi is asked for, then consumers should either be given that brand or told it is not available. Publicans should not dispense another brand of rum when Bacardi is asked for.

● The Wine and Spirit Association said yesterday that wine sales had increased by 18 per cent in 1978 mainly because of a broadening of the market for wines. In particular the association said that the improved sales figures reflected the increased demand for light wines.

But the association repeated its warning to the Chancellor not to increase the duty on wine in next month's Budget.

Future of Fleetwood port still uncertain

BY RICHARD MOONEY

PROSPECTS FOR the survival of the Lancashire port of Fleetwood appears little clearer following what was to be a crucial meeting in London yesterday.

The Fleetwood Fishing Vessel Owners' Association, which operates vital dockside services there including the unloading of fish, goes into liquidation at the end of this month. The formation of a company to replace it has been stalled by labour problems.

The principals of the new company, Fish Handling Fleetwood, who mainly represent ancillary industries dependent on landings at the port, have been unable to agree the new manning levels necessary for a viable operation.

Fish landings at Fleetwood halved during 1978 and the new company wants to reduce accordingly the complement of 118 "lumpers"—dockers who unload fish—employed by the vessel owners.

But the Transport and General Workers' Union, representing the lumpers, wants severance pay arranged before talking about reduced manning: £400,000 could be involved.

The vessel owners' association will no longer exist and therefore cannot be held responsible, and the National Association of Port Employers has proved reluctant to shoulder the burden.

Yesterday Mr. John Silkin, Minister of Agriculture and Fisheries, and Mr. Harold Walker, Minister of State for Employment, met a delegation from the port.

Before the meeting Mr. Edwin Walker, chairman of the Fleetwood Fisheries Development Committee, said he viewed the talks as crucial: "If we don't have an agreement on manning levels by April 2 we may have to throw in the towel."

However, the only tangible result of the talks was the promise of an early meeting with the National Dock Labour Board, which administers the dock industry's voluntary severance scheme.

The FVOA has been paying a levy into the dock labour board fund but this money has already been used up in past redundancy payments at the port. A board spokesman said yesterday that any further payments would have to be as loans.

The vessel owners will receive £145,000 under a Government grant scheme soon, but this is to offset increased dock charges incurred last year and will not be available to pay off the lumpers.

Selby coalfield power lines given go-ahead

By John Lloyd

THE YORKSHIRE Electricity Board has been allowed to erect three overhead power lines supplying 33 kV of electricity to sites on the Selby coalfield development, by Mr. Anthony Wedgwood Benn, the Energy Secretary.

He has also agreed that the board may erect an 11 kV overhead line to the Yorkshire Water Authority's pumping station at Ricall. The four lines will have an overall length of 8½ miles.

The decisions follow a public inquiry in November 1978 after objections had been received from Selby Council and several parish councils. The inquiry recommended that the lines be erected, but made some modifications in the routes proposed by the board.

Wills deputy chief for Stock Exchange

BY CHRISTINE MOIR

MR. PETER WILLS, head of the money-broking department of Sheppards and Chase, has been designated as deputy chairman of the Stock Exchange when Mr. John Robertson, the present deputy, resigns in June to become senior partner of Wedd Durlacher.

Mr. Wills has been with Sheppards and Chase all his working life. He joined the firm in 1955 and was made a partner in 1960.

During his period of office the Stock Exchange will defend its entire dealing system in the Restrictive Practices Court. Mr. Wills believes that the decision by the Office of Fair Trading to refer the Stock Exchange is entirely political.

"The restrictive practices laws are not even applicable to the securities industry," he said. "The whole thing is an enormous waste of time and money, and for what purpose?"

On the other hand Mr. Wills welcomes introduction of Talisman, the new computerised bargain settlement system.

"It must be in everyone's interest to have a modern settlement method. It has been a lot of expense, but in five years' time it will be seen to be amply justified."

Looking forward to the 1980s, Mr. Wills denies Sir Harold Wilson's claim that the Stock Exchange will be nothing more than a scoreboard reflecting institutional holdings.

He says, for instance, that at about that time many share-ownership schemes being instituted by companies for their employees will have matured. Employees will then own the shares and, presumably, seek to deal in them.

Former hotelier seeks bankruptcy discharge

MR. STEPHEN KENNEDY, aged 59, former head of the Magnum hotel group, asked the London Bankruptcy Court yesterday to grant him his discharge from a 1975 bankruptcy in which he had debts estimated at £22.65m.

The hearing was adjourned until April 5.

Mr. Derek Thorne, Official Receiver, said that Mr. Kennedy, of Paddington, London had attributed his failure to being unable to meet guarantees he had given on behalf of the Magnum group.

Mr. Michael Crystal, for Mr. Kennedy, said that, without those guarantees, Mr. Kennedy would have been able to clear his other debts of £85,000 with family help.

No creditors opposed the discharge application and Mr. Kennedy had received no direct benefit through the guarantees.

Mr. Crystal denied that Mr. Kennedy was responsible for the collapse of the Magnum group, which he blamed on the slump in property and hotels.

Mr. Registrar Hunt said he felt that, before a discharge was considered, the views of the creditors should be obtained. He would like a candid report from the bankruptcy trustee.

UK political system 'damaging industry'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

BRITAIN'S adversary system of politics is producing "increasingly pernicious effects so far as industry is concerned" according to a pamphlet published this morning by the Hansard Society.

The pamphlet was prepared by a working party headed by Sir Richard Marsh, the former Labour Minister. It says that "blatant adversary politics in time contributes to the misunderstanding of politicians by businessmen who easily develop a contempt for the apparent instability of Westminster politics, and themselves fall into stereotyped attitudes in response."

An alternative consensus approach is recommended by the working party, which says: "We believe that all the major British parties at the present time hold sufficient ground in common to make it possible to avoid ideological clashes between Government and industry."

Members of Sir Richard's working party included four other former prominent MPs—Lord Byers, Mr. Aubrey Jones, Mr. Dick Taverne and Mr. Brian Walden, and Lord Armstrong, former Head of the Civil Service who is now chairman of Midland Bank.

The report, called "Politics and Industry—the Great Mismatch," follows on from a report by the Confederation of British Industry last April.

The main recommendations of yesterday's pamphlet are that changes of industrial policy should only be introduced gradually after extensive consultation and that politicians, civil servants and industrialists should try harder to understand each other's problems.

Speaking at the launching of the pamphlet, Lord Armstrong cited the Labour Government's decision not to devalue the pound in 1964 as an example of a consensus not existing between politicians and civil servants.

Lord Armstrong, who was Joint Permanent Secretary at the Treasury in 1964, said yesterday: "When questions of currency are treated as political, you get them wrong."

Politics and Industry—the Great Mismatch. Report by a committee sponsored by the Hansard Society for Parliamentary Government, 16, Gower Street, London, WC1. Price £2.

Wimpey and Appledore join forces

IN A move to expand its already extensive operations overseas, George Wimpey has entered into a joint venture with A. and P. Appledore.

A new company, Wimpey Appledore, has been formed to offer a consultancy, design and operational management service covering provision of ports, naval bases and offshore projects.

Chairman of the new company is Admiral of the Fleet Lord Hill-Norton, who said yesterday that it was intended eventually to trade as a main contractor, sub-letting projects to Wimpey, to Appledore and to others engaged in consulting and contracting.

Wimpey declined to disclose financial details, but stated that it was taking up an issue of shares giving it 20 per cent of A. and P. Appledore.

Special Toyota to mark output of 7m cars

TO CELEBRATE producton of the seven millionth Toyota Corolla, a special limited edition of the group's best-selling family saloon car is to be made for the UK market.

Only 300 of the "Corolla X," priced at £3,088 each, will be sold in Britain—just one for most of Toyota (GB)'s 230 dealers.

Nearly 750,000 Corollas were produced in Japan last year. It has been the most popular car in its domestic market for 10 years in a row.

Three to judge company award

SIR Jeremy Morse, chairman of Lloyds Bank, and Mr. Tom Lyon, immediate past chairman of the Smaller Firms Council of the CBI, have agreed to judge the British section of the European Company of the Year award.

They join Mr. Hugh Armstrong, managing director of Development Capital, which is administering the award.

Scarlet japanned chairs realise £92,000

SALEROOM

BY PAMELA JUDGE

THE SURPRISE in the first day's sale by Sotheby's of the contents of Britwell House, Oxfordshire, the home of Mr. David and Lady Pamela Hicks, was £92,000 from a private buyer for a set of 20 George II scarlet japanned chairs. This was close to three times the pre-sale estimate. The total for the day was £235,634.

An ormolu mounted amboyna commode fetched £4,500 and a similar secretaire made £5,000. A London dealer was successful at £3,800 in acquiring a Regency window seat.

In London, the same house held a sale of Chinese export porcelain which made £212,619. The top price was £16,000 from a private buyer for a white jade vase and cover of the Ch'ien Lung period and a rare famille verte vase 8¼ in. high went for £9,500 to Marchant of London.

At the Belgravia rooms, Victorian paintings, drawings and watercolours realised £474,605. A record for a work by Edgar Hunt — £9,500—came from a private buyer for a picture of donkeys by a stable. And £6,500 was also a record for a seascape painting by David James.

The top price at Christie's sale of English drawings and watercolours was £10,000 for an album of drawings by John Scarlett Davis. The purchaser was Albany Gallery, London, on behalf of Leominster Museum. The total for the sale was £173,110.

At Bonhams, silver made £35,680. This included £4,800 given for a rare William III canteen of cutlery circa 1690.

INSTITUTE OF DIRECTORS ANNUAL CONVENTION — REPORT BY MAURICE SAMUELSON

Sir James urges stronger Lords

A STRONGER and more representative House of Lords was among sweeping reforms proposed yesterday by Sir James Goldsmith, chairman of the Cavenham group, to correct Britain's "sham" democracy.

Sir James was addressing the Institute of Directors' annual convention at the Royal Albert Hall, London, which took the theme of "business freedom in the 1980s" and attracted 2,300 delegates.

Quorums

He called for primary elections in constituencies so that voters might participate fully in choosing their MPs. Under the present system, he said, a donkey could be elected for safe seats.

Criticising the power of trade union leaderships, he said that unions should be brought under the Representation of the People Act, ensuring that they held regular elections, secret ballots and required minimum quorums for branch decisions.

Mr. Norman St. John-Stevas, shadow leader of the Commons, promised that the next Conservative administration would see far less legislation than the present Government.

"Not since the 16th century have we heard so many protests from the public about being loaded down with stacks of statutes," he said.

Mr. Denys Randolph, the institute's chairman, waved his organisation's new, bright blue manifesto and urged members to influence the result of the next general election. He did not openly espouse the Tory cause but bitterly attacked Mr. Anthony Wedgwood Benn, and the audience applauded loudly.

It warmed also to Mr. John Diebold, the American management consultant, as he described his country's increasing interest in local authorities' hiving off public services to private enterprise.

The trend had spread to West Germany, and Westminster City Council was on the same track as it considered employing private concerns to collect refuse.

Even Sir Frank MacFadzean, chairman of British Airways and the only speaker who represented a nationalised industry, criticised the performance of the public sector, although he added that British Airways had suffered more interference from Conservative than from Labour Ministers.

He also said that unions should be "brought within the law" and, in a veiled reference to the Prince of Wales' recent remarks, denied that better communications were the sole panacea for industrial ills.

Freddie Mansfield

General Alexander Haig (left), Supreme Allied Commander in Europe, and Lord Erroll of Hale, president of the Institute of Directors, lunching at the convention.

The most colourful speakers were Lord Miles of Blackfriars, the actor, and General Alexander Haig, Supreme Allied Commander, Europe, and formerly President Nixon's White House Chief of Staff.

Lord Miles, in a plea for "national cohesion," praised the native talent of Britain's industrial and agricultural labour force and suggested that the present unrest was a justified backlash against class divisions dating from the last century.

General Haig struck the most sombre note. He dwelt on the build-up of Soviet military might, the growing competition for raw materials, and the need for the Western world to stand together or sink together.

Prospect

His speech did nothing to damp speculation that he is preparing to become a Republican Party presidential candidate after he ends his European command on June 30.

"I am not naive about the prospects in my country of military men seeking political office," he told a questioner. Nor was he "uncomfortable" about the prospect, adding: "I do not exclude the possibility of political activity if I think this would be constructive."

● Sir James made clear that he intends strongly to influence the editorial policy of the news magazine, Now, which he intends to launch in September.

In an interview in Marketing Week, he said he felt a duty to speak up. "There is no virtue in silence or tolerance while one's community is being destroyed."

Men and Matters, Page 20

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£35m aid sought to apply opto-electronics work

BY JOHN LLOYD

)VERNMENT AID of between 5m and £40m in the next five ars in the new technologies of to-electronics and fibre optics s called for yesterday in a port by the electronics components sector working party of ; National Economic Development Office.

The report says that while lustry is technically competent in most areas associated th these technologies, too le effort has been made in applications field, and there ; been insufficient "followough investment" to produce n technology and product and tem design.

There are thus few concrete ults from the research so far, l there is a widening gap ween the UK's position and t of the U.S. and Japan.

Opto-electronics, a division of niconductor technology, is a ge of devices in which the nmon characteristic is energy iversion—the electrical out- is related to the surround light.

Fibre optic technology ibles light impulses to be transmitted by means of glass or plastic filaments, which replace the copper wires commonly used in telecommunications.

Wired cities

The working party report says that developments in the 1980s and 1990s will largely be in information systems in offices, factories and homes.

Industrial and commercial applications in the 1980s will lead to "wired cities" in the 1990s in which cable television, electronic mail and newspapers, remote shopping and meter-reading will all play an increasing role.

"The result will be a new telecommunications industry where the telephone exchange, now the prime product, falls to second place relative to an expanding market for terminal equipment. If the UK misses out on this opportunity, this new industry could be dominated from the start by Japan or the U.S."

The working party recommends:—

- Supply of pilot systems by manufacturers in advance of demands which would stimulate the market. Projects could include a major telecommunications project in association with the Post Office; trial installations in a large public utility or industry; use of optical fibres in military aircraft.
- Product launches based on strategy of "selective world market penetration." in areas such as analogue and digital displays, visible and infra-red imaging, opto-electronic transducers such as sensors and couplers, and optical fibres and cables.
- Support of research into the above programmes, and into new applications, especially those in which there is little research elsewhere.

"It is not necessary for the U.K. to do everything, but it needs to be pre-eminent in some areas, and understand the totality to build on the UK's strength."

Prof. Friedman says U.S. may control dollar and reflate

BY DAVID FREUD

THE U.S. Government was likely to stimulate the economy next year and introduce foreign exchange control to stop the value of the dollar falling, Professor Milton Friedman, the economist, said in London yesterday.

Professor Friedman told an investment conference that this was the most likely way the U.S. Government would tackle the recession in a presidential election year. It would also result in an inflationary explosion in 1981—after the election.

Professor Friedman said he had no inside information on U.S. Administration policy, but this was the most likely outcome given the Administration's desire to stimulate the economy without seeing the dollar plunge.

"I can only see one way of doing it," he said. "Stimulate the economy and introduce foreign exchange controls." Wage and price controls might also be used to offset the inflationary effect of domestic monetary expansion.

His own hope was for a middle-ground policy in which the Federal Reserve would ease its current monetary position within the next month or two.

Since October the U.S. money supply had been expanding at the annual rate of only 3 per cent. Professor Friedman said the rate should be moved up to about 7 per cent. and held there for a while before being gradually reduced over the next three or four years.

Mr. Gordon Pepper, of City stockbrokers W. Greenwell and Co., told the conference that the UK economy had been given a definite expansionary boost in recent weeks.

He added: "One can therefore no longer be dogmatic that the economy will turn down in the near future, nor that the downturn will be substantial."

Mr. Pepper said the expansionary boost was provided by the Bank of England's operation in the gilt-edged market last month. It had not taken advantage of the demand for stock to sell further issues after the over-subscription.

This meant the economy was not sucked dry and funds were available for private industry. At the same time, there had been a major increase in confidence in the financial community and this had spread to businessmen. "This all adds up to a definite expansionary boost," he said.

Mr. Pepper gave his backing to the partial tender issue announced last week by the Bank of England, while reaffirming his opposition to introduction in the UK of a full-blown tender system.

Talisman computer verdict on April 3

By Christine Moir

THE Stock Exchange Council will decide on April 3 whether Talisman, the new computerised settlement system, will start "live" running on April 9.

Testing continues, based on repetition of bargains in two accounts in November and December. Yesterday, the crucial "account day" for the test, the system worked well.

Mr. Michael Baker, the controller, although very pleased with the tests so far, agreed that the volume of bargains being tested was well below that passing through the market.

Were Talisman to "go live" today at 10 per cent of present volume, that level would have represented 30 per cent of November's total.

However, Mr. Baker is confident that the settlements office, which is responsible for Talisman, can handle the volume. At present, in addition to Talisman, it is still running the existing computer checking system on the high current volume.

It also provides a Stamp Office service in the industrial disputes affecting government departments.

On the tests so far, Mr. Baker expects when the Settlement Services Committee meets next Monday to recommend April 9 as the starting date for Talisman. The committee's recommendations will go to the full council on April 3.

MINISTER SEEKS EXPORT CURB

Animal hides plea to EEC

BY CHRISTOPHER PARKES

MR. JOHN SMITH, Trade Secretary, has asked the Common Market Commission to restrict exports of animal hides to non-Community countries because of the drain on EEC supplies which has pushed prices to record levels and led to redundancies in the UK tanning and leather industries.

Mr. Alan Williams, chairman of the Liverpool Action Committee of the Transport and General Workers' Union, yesterday welcomed the moves and promised to suspend the threatened union embargo on British exports at least until the Commission replied.

A response is expected from Brussels within 10 days.

Mr. Williams said that he had been offered support from dock unions whose members would refuse to handle skins for export beyond EEC frontiers. Suspension of the action was conditional on tanneries and leather manufacturers postponing plans for further redundancies and lay-offs.

All four tanneries in the Liverpool area were still working, although intake of hides for processing had been reduced by more than 20 per cent in at least two works.

Mr. Williams claimed that in the past few weeks 500 leather industry workers had been made redundant or laid off in Britain. About 120,000 jobs in the tanning, manufacturing and ancillary industries were ultimately at risk.

In the Commons yesterday, Mr. Michael Meacher, Under-Secretary for Trade, replying to a question, said that in view of the difficulties facing the leather industry, a letter had been written to the EEC Commission asking for restrictions on exports to all non-Community countries.

There is a danger, however, that given warning of impending controls on exports, overseas buyers may renew their buying efforts, scoop up as many hides as they can, and possibly cause yet another surge in prices before any embargo can be put into effect.

Leather markets have been relatively quiet for the past two weeks following the post-Christmas rush in which prices rose 40 per cent.

At the Birmingham auction yesterday, prices fell between 5 and 12 per cent according to grade, apparently continuing the recent downward trend which began tentatively at the weekly sales in Manchester and Leeds.

Many lots were withdrawn when they did not reach the reserve prices.

Mr. Williams was concerned that the Soviet Union in particular, with four new tanneries to supply, would continue to buy heavily. He claimed that Russian buyers were willing to pay double the current prices and were benefiting from Government subsidies on raw materials of almost 50 per cent.

He feared that the Japanese, reportedly pulling out of the U.S. market because of the danger of Government action against them there, might increase buying in Europe.

Meanwhile, manufacturers are warning cautiously of impending price rises in shoe shops.

The British Footwear Manufacturers' Federation said yesterday prices could go up 10 to 20 per cent. Increases would vary according to the extent to which makers had covered their hide requirements forward.

British Caledonian considers Airbus fleet for Sweden plans

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN, the independent airline, may buy a fleet of 200-seat A-310 Airbuses for its plans for new short-haul European routes are approved.

The airline is seeking a number of new routes between Gatwick and destinations in Sweden, including Gothenburg and Stockholm, from November this year.

If these are granted, it says it will offer fares from as low £30 single to Gothenburg £35 single to Stockholm, or £60 and £70 return respectively. These compare with the current cheapest Advanced Purchase Excursion (Apex) return fare of £87 London-Stockholm.

To win these routes, British Caledonian is obliged to ask the Civil Aviation Authority to revoke existing licences held by British Airways for flights from Heathrow to Sweden.

A public hearing into the British Caledonian plans, opposed by British Airways, will be held in London tomorrow by the Civil Aviation Authority.

The airline plans initially to run its Swedish services, if approved, using Boeing 707 and One-Eleven jet airliners, but it anticipates that the growth of cheap fare traffic would eventually justify bigger aircraft.

It is, therefore, studying a variety of new short-to-medium haul equipment, but at present it seems likely that the European A-300 "mini airbus" will be the most suitable.

M4 surveillance gear on test

A £1.5m system combining warnings to motorists with 24-hour police surveillance is to be installed experimentally on four miles of the M4 between Almondsbury interchange and the Severn Bridge.

It is designed to give drivers early warning of fog, congestion and slow traffic.

Work starts this month on putting up new overhead gantries, including television cameras.

Rent-free prize

A NEW factory, rent-free for a year, is being offered by Norwich City Council as the prize in a competition aimed at small businesses or individuals with a product idea which could create more jobs on the council's new Bowthorpe Estate.

City brokers suspect inflation assumptions

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

'Y SCEPTICISM about the asury's possible inflation ımptions in its Budget forecs is highlighted by a new :ular from stockbrokers ıre Govett.

The brokers note that the ernment has a history of ıming too optimistic levels wage rates and inflation in ınalysis.

Thus the Government could sent a Public Sector Borrow- Requirement in the £8½bn on without having to raise ıtion. However, given that financial community will ıtinise the assumptions in Chancellor's Budget tegy, such optimistic ımptions would lead to a is of confidence."

Hoare Govett's economists that taking into account the likely impact of cash limits and the relative price effect on public spending and assuming the indexation of personal allowances (increasing in line with inflation at a cost of about £1bn in 1979-80 prices) but not of specific duties, public sector borrowing would be about £9.3bn in 1979-80. This is a similar view to that of other leading City analysts.

Consequently, the brokers believe that after allowing for likely volume cuts in public spending brought about by cash limits, a further £1bn in taxes will have to be raised.

Total output is likely to rise by 2½ and 2 per cent in 1979 and 1980 respectively on a calendar year basis. This is likely to mean 150,000 more unemployed by the end of this year.

Rates value for money inquiry

By Rhys David, Northern Correspondent

CHESHIRE COUNTY Council has agreed to a request by the Confederation of British Industry that consultants should study County Council services and report on whether ratepayers are receiving value for money.

A County Hall meeting chaired by Mr. Ken Maynard, vice-chairman of Cheshire's policy and resources committee, and attended by representatives of the CBI and PA Management Consultants, agreed that the study would be paid for by industry and commerce in Cheshire.

The study would review the main areas of the council's revenue spending and its capital programme and report as to whether in the consultants' opinion ratepayers are in general receiving value for money in services provided. It would say whether room for improvement or areas for further study might be suggested.

Mr. Maynard commented: "Cheshire already takes very great care to ensure that financial expenditure is restricted to that which is absolutely necessary. In addition, our policies and methods of working are reviewed continuously to ensure the best value for money is achieved.

"None the less we welcome any suggestions where we might do better in the interests of our ratepayers and the county council will co-operate wholeheartedly with this study."

Mr. Mike David, chairman of the CBI's Cheshire working party on industrial and commercial rates, said: "We are looking for a reassurance that Cheshire's expenditure is used to give both industrial and domestic ratepayers the best value for money from their rates.

Port of Liverpool signs third long-term deal

BY RHYS DAVID

E PORT of Liverpool has ıed a five-year agreement ı the Johnson-Scanstar Line, of the major operators at Royal Seaforth container ninal, guaranteeing a regular rice to the port in return for cified turn-round assistance.

The agreement is the first ch the line has negotiated ı any of its ports of call, and ıns that two-thirds of the l throughput at Seaforth is covered by long-term deals.

t year both Atlantic Conıer Line and Associated Conıer Transportation announced similar deals with erpool.

Johnson Scanstar, which consists of Johnson Line, Blue Star Line and the East Asiatic Company, has nine container ships on trans-Atlantic service with three calls a fortnight at Liverpool.

Both Blue Star and East Asiatic used to operate conventional services from Liverpool to Los Angeles, Vancouver and other Pacific ports. With the coming of containerisation they amalgamated in 1970 to form Scanstar, and the 12 conventional ships were phased out and replaced by four container vessels. In 1972 the group was joined by Johnson Line.

ONTRACTS

Plessey wins £5m defence deal

ESSEY AEROSPACE has n awarded a £5m contract for production of a new broad ıd chaff dispensing rocket for Ministry of Defence (Navy), signed to present a realistic oy target to attacking miss-s. The chaff (similar to the rtime radar "window") conts of fine aluminium needles varying length, the length ating to each frequency of the ssile's search radar. The ket, which can be used from rent Royal Navy launcher, places three rockets needed at esent, and dispenses a chaff ud at a predetermined height d range, using a series of ploding chaff pads. The ıuds can be in various patns to suit the attacking mode.

★

anes worth over £500,000 are be supplied by **HERBERT ORRIS** to a new aluminium ıelter in Dubai. Morris, a Davy ırporation company, has won o separate orders for the proct. The first order, placed by eorge Wimpey, is for a 100 nne heavy-duty semi-goliath crane and a 30 tonne electric overhead travelling crane, while the other contract is for five electric overhead travelling cranes for Seltrust Engineering.

★

LINFORD BUILDING GROUP has contracts worth almost £2¼m. The biggest, for £1.3m, is for Lloyds Bank at Wolverhampton, involving alterations of existing premises, plus a four-storey reinforced concrete frame extension. This is a three-year project, with the bank remaining open during the construction period.

★

MARCONI COMMUNICATION SYSTEMS, a GEC company, is to supply £700,000 of troposcatter and line-of-sight communications equipment to Shell UK Exploration and Production for a new platform to be built on the Fulmar field.

★

CLARK lift trucks worth £248,000 have been supplied to 27 Securicor parcels handling depots.

★

Two exhaust gas heat recovery units, costing about £160,000, are being supplied by **HAMWORTHY ENGINEERING**, a Powell Duffryn subsidiary, to Sulzer Bros., Switzerland, for installation on diesel units at Vale power station, Guernsey.

★

PLESSEY RADAR has received an order worth £1m for the supply of an integrated river management and regional communications system for North-West Water authority.

★

Air Europe has awarded a contract worth £250,000 to **GATWICK HANDLING** for ground handling arrangements at Gatwick airport.

★

QUALTER HALL, a part of the Matthew Hall Group, has been given orders worth £750,000 for mining equipment and coal handling plant for the reconstruction programme at Houghton main colliery. The largest part of the order is the design, supply and erection of a rail outloading system for distributing coal principally for power station use.

UK NEWS — LABOUR

Dunlop invites union plan on Speke

BY OUR LABOUR EDITOR

DUNLOP told its workers' 11 trade unions yesterday that it would analyse "speedily and carefully" any union proposals for averting the closure of its Speke tyre factory on April 19.

The unions, which have staged a one-day walkout and threatened more industrial action, met the board of Dunlop Holdings in London.

A statement by Sir Campbell Fraser, the chairman, said that the problems of the European tyre industry had been reiterated.

The unions had put forward no alternative proposals, but had been invited to do so, and meet the company again.

"In the meantime our programme of closure of the Speke tyre plant remains unchanged."

A company spokesman said the statement did not represent any change of position by Dunlop.

The company has announced closure of Speke, with 2,300 jobs, and redundancies of 500 at Fort Dunlop, Birmingham, and 350 at Inchinnan, Glasgow.

About 100 Speke workers staged a sit-down protest in the centre of Liverpool yesterday in the lunch hour. A mass meeting today will hear the outcome of the London talks.

Supplementary pay increase for 165,000 hosiery staff

BY PAULINE CLARK, LABOUR STAFF

AT LEAST 165,000 workers in the hosiery and garment making industry have been awarded supplementary pay deals by their employers because of the change in the level of wage settlements elsewhere since the start of the present wage round.

The additional pay awards, which come on top of previous five per cent settlements, could signal further reopened pay negotiations in the clothing industry and possibly in other areas of the private sector as well where early settlements were reached within the Government's guidelines.

In one of the two recently reported deals, some 100,000 hosiery workers will receive an extra 3½ per cent on top of 5 per cent agreed last December. The increase, agreed by the National Joint Industrial Council for the Hosiery Trade is described as a "productivity supplement" to be added to earnings.

It was hailed by the employers' side yesterday as the first productivity deal to be agreed at national level by the council. The productivity element is nevertheless uncosted and is being justified on a general agreement between employers and The National Union of Hosiery and Knitwear Workers that efforts will be made "to minimise" the cost at shopfloor level.

Essentially the supplement, which comes into operation on April 30, is designed to bring this year's pay deal for hosiery workers more in line with the new going rate following the lorry drivers settlement of more than 20 per cent and the Government's lifting of sanctions.

National productivity deals are not easily reached in the industry because of the nature of piecework and the fact that productivity payments are negotiated continuously at local level.

Union negotiators for 65,000 workers in the Clothing Manufacturers Association have also achieved a total 10.25 per cent deal by using a reopener clause attached to a previous 5 per cent level of settlements among a number of groups. The reopener clause provided for negotiations on pay to be restarted if the level of national settlements exceeded the Government's guidelines.

The earliest original agreement for members of the National Union of Tailors and Garment Workers was last September one of the first deals to be concluded under the Government's 5 per cent guidelines.

The garment workers share with the hosiery workers a policy of not concluding productivity deals at national level because of piecework.

Both group's are set apart from workers in most other industries where 5 per cent settlements early in the present wages round were invariably boosted by productivity bonuses.

After their recent productivity supplement, average wages of hosiery workers are put at £80 a week for 42 hours for men and £43 a week for 36 hours for women.

Minimum rates for workers in the NUTGW deal were previously £40 a week.

Chemical workers need bigger say

By Sue Cameron, Chemicals Correspondent

CHEMICAL COMPANIES should give trades unions a bigger say in investment planning, Mr. David Warburton, national industrial officer of the General and Municipal Workers' Union said yesterday.

Mr. Warburton said his union had been attacked for opposing the "notion that the companies always know what is best in the area of investment and expansion."

He said the investment projections of the chemical companies had often been wrong during the last five years. It would, therefore, be "absolute lunacy to second all the strategic planning" to a small number of large chemical companies.

Mr. Warburton went on: "Our industry has a great future but if we are to benefit properly we need to tear down the barriers which have been mischievously erected by those who still cling to the illusion that ultimate wisdom lies within the boardrooms.

"If we are to meet the challenge of new technology and cope sensibly with the social consequences then it can only be done in unison. It is no longer acceptable that workers should agree to radical changes without exacting adequate compensation."

The union pay claim, covering 60,000 chemical industry workers, is to be presented to the Chemical and Allied Industries Joint Industrial Council next week. Claims to Imperial Chemical Industries,

New print offer is worth 15.8%

BY ALAN PIKE, LABOUR CORRESPONDENT

A MODIFIED pay offer was made to unions representing 200,000 workers in the general printing and provincial newspaper industries at talks in London yesterday.

Leaders of the four unions—the National Graphical Association, Society of Graphical and Allied Trades, National Society of Operative Printers, Graphical and Media Personnel and SLADE, the process union—agreed to report the proposals to their executives.

The British Printing Industries Federation and the Newspaper Society offered cash increases of £8.49 for craft workers and proportionate rises for other grades. This would raise the minimum earnings level by 15.8 per cent to £82.21 for craftsmen, say the employers.

Injunction for 50

FIFTY WORKERS involved in a dispute which has halted tractor production at the Coventry factory of Massey Ferguson will be told today that the employer has a High Court temporary injunction against them.

The action was taken by lawyers acting for the management. The 50 are key workers on the tractor assembly line. They have been accused by the company of stopping production by switching off machines, obstructing assembly tracks and hoists, picketing in the works, and preventing some work continuing in the normal safe manner.

Council workers' comparability talks start as some ambulancemen agree deal

BY PAULINE CLARK, LABOUR STAFF

PRELIMINARY TALKS on an agreed pay comparability study for 1m council workers started yesterday—but with no sign of a resolution in sight to the pay dispute affecting Britain's health service workers.

A further step towards resolving the ambulancemen's pay dispute was taken last night however when a delegates' conference of ambulancemen in the Confederation of Health Service Employees decided to accept the latest Government offer to public service workers.

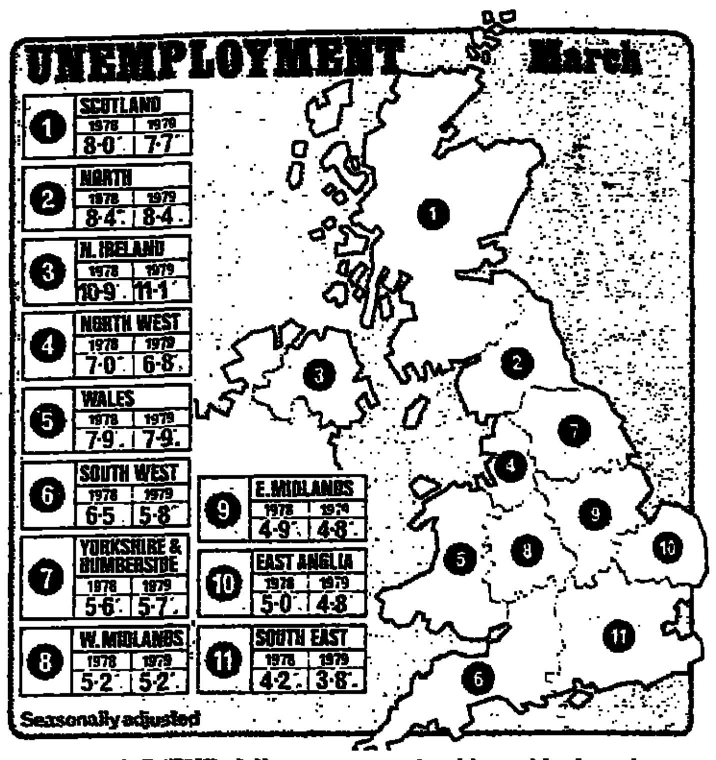
The nine per cent offer to both hospital ancillary workers and ambulancemen has now been accepted by all the negotiating unions' except the National Union of Public Employees.

Earlier, COHSE ambulancemen had rejected the deal but the union blamed the result of the ballot on the late-timing of a Government commitment to consider studying their pay in relation to that of police and firemen.

In yesterdays local authority talks, employers representatives met Professor Hugh Clegg, chairman of the standing commission set up by the Prime Minister to study comparability between the public services and the private sector. Leaders of the council workers' trade unions will hold preliminary talks with Professor Clegg today.

All public service workers in the current wage round have been offered a 9 per cent pay increase with £1 in advance of any two staged extra payment which may arise from the comparability studies.

Hospital ancillary workers and ambulancemen in the National Union of Public Employees are continuing industrial action however because they want a better offer.



UNEMPLOYMENT fell most sharply in the month to mid-February in those regions which were most hard hit by the bad winter weather and by the impact of the road haulage dispute—in particular Scotland, Wales and North-West and South-West England. But there has still been a noticeable widening in regional differences in unemployment over the last year. While the jobless total has fallen by 9¼ per cent in South-East England, the figures has risen by nearly ¼ per cent in Northern England, and there have only been small declines in North-West England and Scotland.

Tory trade unionists may back legal curbs

BY CHRISTIAN TYLER, LABOUR EDITOR

CONSERVATIVE TRADE unionists are expected to endorse the party's proposals for legal limitations on industrial action at their annual conference early next month.

Among the four motions chosen for debate is a demand for a picketing law to limit a picket line to six people and speicfy that only people directly involved in a dispute could picket.

Legislation to provide for secret baloting for trade union elections and before strikes are made official is sought by the Chichester branch in Sussex, while St. Albans says that strikers should not be "financed by tax refunds nor subsidised by grants from the state."

Some of the motions go further than the party's industrial relations advisers would recommend, and will probably be amended on the day. They have been picked to clear the air.

Mrs. Margaret Thatcher, the Conservative leader, and Mr. James Prior, shadow Employment Secretary, will be among the platform speakers.

The conference, which is on April 7, is advisory, not policy-making, and those who attend it are "representatives,' not elected delegates.

AUEW accuses engineering employers

BY OUR LABOUR CORRESPONDENT

ENGINEERING employers were "sharpening their knives" in anticipation of a general election victory which they may not get, Mr. John Boyd, general-secretary of the Amalgamated Union of Engineering Workers, said yesterday.

Mr. Boyd was commenting after an AUEW executive discussion on guidance being sent out this week by the Engineering Employers Federation to 6,000 member companies, urging employers to take a firm and united stand against industrial action

The employers, said Mr. Boyd, appeared to be presuming the election of a Conservative government which would implement "some of the things some of their spokesmen have been saying." Some of the points raised in the EEF guidance were already covered by agreements with the unions and he suspected that some employers had "a vested interest in struggle rather than settlement."

The AUEW is to hold a series of week-long intensive training courses for conveners and shop stewards from six industrial sectors and companies this summer to help equip them for union duties. Areas covered will be shipbuilding, atomic energy, chemicals, GEC, Lucas and Government industrials.

Yesterday's executive meeting also decided to conduct an inquiry into engineering apprentice training, following complaints that some young people were not receiving adequate training.

OECD ECONOMIC SURVEY OF THE UNITED KINGDOM FOR 1979

Tight rein on inflationary forces urged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SOME FURTHER restrictive fiscal action would seem to be needed to ensure observance of the monetary target range and projected public sector borrowing, if domestic inflationary forces are not reduced, according to the annual survey of the UK economy by the Organisation for Economic Co-operation and Development.

Moreover, "if these policies to contain inflation prove inadequate, then consideration would need to be given to new initiatives related more closely to the domestic causes of inflation."

The OECD argues that "adherence to the existing monetary target range supported by a tight fiscal policy is essential to discourage a process of pay escalation, to reduce the impact of higher pay settlements on prices and to avoid an undue weakening of sterling which would add further to the pressure on prices."

Insufficient

But "tight monetary and fiscal policies and other measures to deal with the immediate problem may not by themselves solve the long-term problem of keeping pay increases in a reasonable relationship with the growth of productivity."

"The self-defeating nature of high pay settlements is clearly illustrated by the fact that the share of profits in national income has already fallen to around 5 per cent, which is insufficient to ensure a sustained growth of investment."

The OECD says profits need to rise. "In this context it is essential that the benefits of North Sea oil should not be used to finance a temporary growth in consumption but to stimulate a continuing and long-term growth in investment which will facilitate better industrial performance and the switch of resources to the external sector."

Moreover, the system of pay determination needed improvement to achieve a better overall economic performance.

The survey presents the case for "cautious demand management" and "resolute initiatives to deal with the main impediments to sustained non-inflationary growth," against the background of a fairly gloomy analysis of the short- and medium-term prospects for the economy.

The OECD points out, for instance, that "in general, the expansion of exports in the more efficient and competitive branches of manufacturing industry has not been sufficient to offset the effects of rising import penetration as a whole. And, on present trends, many branches in engineering and other sectors, such as textiles, will continue to run down over the longer-term with a consequent loss of employment.

"It seems that this shift of resources into potentially expanding sectors of manufacturing industry is not taking place at a rate sufficient to maintain a viable external position in conditions of reasonable buoyancy of domestic demand. Also, it seems probable that the contraction of certain sectors is not fully or even largely attributable to a shift in comparative advantage, but rather to insufficient investment in the past."

The survey identifies a real wage gap measuring the difference between the growth of real earnings and productivity, in effect domestic absorptive possibilities, which is real national income adjusted for the terms of trade.

The gap in 1978 (excluding North Sea oil effects) was 9¾ per centage points; although appreciably smaller than in 1975, it cannot be fully explained by cyclical factors.

"If a sustainable external position over the longer run is to be achieved, an important condition would seem to be the elimination of the real wage gap to bring the growth of real earnings on average into line with domestic absorptive capacities."

In the short-term, the OECD forecasts are based on the assumption that present demand management policies will be unchanged, though much will depend on the extent of any shortfall in public spending. The survey says that the expansionary demand effect of public spending is expected to be roughly offset by the impact of a strong rise in tax receipts. This reflects the assumption that both personal tax allowances and specific indirect tax rates are increased in line with inflation, though overall "the stance of fiscal policy is assumed to be broadly neutral."

"With nominal earnings likely to rise substantially faster than implied by strict adherence to the 5 per cent pay guidelines, public sector borrowing is assumed to be higher in 1979-80 than the latest official estimate of £8½bn.

"On this basis, a growth rate of sterling M3 (the broadly defined money supply) within the 8 to 12 per cent target range in the 12 months to October 1979 would represent a tight monetary policy. The forecast is based on the assumption that sterling M3 during 1979 will rise at a rate near or above the upper end of the target range and that short-term interest rates and yields may decline a little from their present high level. Monetary policy is assumed to exercise a restraining effect on demand and output."

The OECD secretariat has adopted the technical assumption in its projections that average earnings will rise by about 14 per cent, the same as in the last pay round. This compares with the assumption in last December's Economic Outlook that earnings would rise by 10 per cent.

The effect on price inflation of the higher earnings assumptions is 2½ percentage points. The forecasts, however, assume no change in the exchange rate from the early January level.

The report continues: "As in 1978 a continuing strong rise in labour costs, combined with slower growth in output in 1979 will make by far the largest contribution to the rise in consumer prices in 1979. On these assumptions, the increase in consumer prices is forecast to be about 10¾ per cent in 1979, year-on-year, but accelerating to almost 12 per cent through the year, about 4 percentage points faster than during 1978.

"After taking account of stronger fiscal drag, the rise in real disposable income may decelerate from 5¾ per cent in 1978 to about 3 per cent in 1979. Of the increase, however, nearly one-third represents carry-over from the steep rise in 1978, the change between the second halves of 1978 and 1979 being 2 per cent. Some uncertainty attaches to possible movements in the personal saving ratio, but, in view of the unfavourable inflation and employment prospects, it is assumed in the forecasts to slightly increase, as in 1978. If these expectations are borne out, the growth of private consumption would decelerate sharply to 3 per cent in 1979 as a whole and to about 2 per cent in the course of the year.

Private fixed investment is expected to rise very little in 1979 but, due to the somewhat stronger public sector investment, total fixed investment is forecast to rise by some 1¼ per cent compared with 2½ per cent in 1978.

Final domestic demand is forecast to rise by about 2½ per cent. Given the relatively poor profit situation, weak growth prospects and with the stock/output ratios at about their longer-term average level, stocks are not expected to increase much with the result that there might be a small negative contribution of stockbuilding to GDP growth in 1979. For the year as a whole the rise in total domestic demand is expected to be 1¾ per cent, compared with 4½ per cent in 1978.

"The assumed development of average earnings this year implies a continuing deterioration in the external cost competitiveness of British manufactured exports. In the two years to the end of 1978 relative export values and relative unit labour costs are estimated to have risen by almost 15 per cent, a deterioration which is expected adversely to affect the volume of exports of manufactures and result in a further loss of export market shares. However, a forecast acceleration in the growth of markets should mitigate somewhat the loss of competitiveness to give an annual rate of growth of non-oil goods exports of about 2½ per cent during 1979. Total exports of goods and services are expected to rise by some 4½ per cent this year.

Imports of goods and services could rise by 2¾ per cent or less than half the 1978 rate. Some further improvement in the terms of trade seems likely, average export values rising relative to those of partner countries. This, together with the forecast changes in the volumes of exports and imports, would lead to a surplus of a little less than $2bn on current external account.

Slower pace

"The improvement in the real foreign balance is forecast to contribute ½ per cent to the growth of real GDP which is expected to rise by 2¼ per cent. The change in North Sea oil production accounts for almost ¾ percentage point of the forecast growth rate. As in 1978, manufacturing production seems likely to rise at a slower pace than real GDP and its level by the end of 1979 may be still some 2 per cent below the 1973 peak. Forecasting employment and unemployment levels through 1979 entails a large margin of error and the forecasts should be taken as indicating only the orders of magnitude and the direction of change. On the assumption that no significant changes in the employment-creating and training schemes are going to take place in 1979 and with no further decline in participation rates, employment may rise a little but unemployment will probably also rise a little through the year."

"Unit d Kingdom"—OECD Economic Survey, Price £1.50 from the Stationery Office.

DEMAND AND OUTPUT IN 1979

(Percentage volume changes seasonally adjusted at annual rates)

	From previous year 1978	1979	From previous half year 1978 II	1979 I	1979 II
Private consumption	5¾	3	5¼	1½	2½
Government consumption	1½	1½	½	2	1¼
Fixed investment	2½	1¼	1	3½	−¼
Public sector	−8¼	3½	1¾	4½	1¼
Private sector	9	1	½	2½	−2
Final domestic demand	4½	2½	3¾	2	1¼
Plus change in stockbuilding*	¼	−½	−1	−¼	−½
Total domestic demand	4½	1¾	2¾	1¼	1½
Exports — including oil	2½	4½	8	3½	3
— excluding oil	1¼	3¼	6	3	2½
Imports — including oil	6¼	2½	6	1½	2½
— excluding oil	7¼	4¾	5	4¾	4½
Plus change in foreign balance	−1	¼	¼	¼	¼
Gross Domestic Product at market prices	3¼	2¼	3¼	2¼	1¾
Gross Domestic Product at market prices excluding North Sea oil	2¾	1½	3	1¾	1
Real disposable income	5¾	3	6	2	2
Current balance of payment ($bn)	¼	1¾	1½	1½	2¼

* As a percentage of Gross Domestic Product in the previous period.

CONTRIBUTION TO PRICE INCREASE

Percentage changes

	1970	1971	1972	1973	1974	1975	1976	1977	1978
Unit labour costs	3¾	3½	4½	3	8½	14½	6½	3¾	4½
Other cost per unit of output*	½	1¼	2¾	1½	—	3½	5	3¾	1¼
Import prices	1½	1	½	4½	10½	4½	4½	4½	1
Net indirect taxes per unit of output	½	¼	½	−¼	—	2½	2¼	2¾	1
Residual	−½	1½	−1	—	−1½	−1½	−2¼	—	¼
Consumers' expenditure price deflator	6	8¼	6½	8¼	17½	23½	16	14¼	8¼

*Total domestic income less income from employment; thus including gross trading profits of companies, gross profits of other public enterprises, gross profits of public corporations and income from rent and self-employment.

UK NEWS — PARLIAMENT and POLITICS

Compromise offer to foreign institutions

BY IVOR OWEN

HE Government is prepared make a further change in the anking Bill to meet complaints iat, in its present form, is dis-iminates against banks from itside the EEC.

But Lord McCluskey, Solicitor-eneral for Scotland, told the ouse of Lords last night that is would be done only by turning to the proposal origin-ly contained in the Bill to al with the position of foreign stitutions licensed to carry on deposit-taking business in the K.

It was this proposal which is overturned during the pas-ge of the Bill through the mmons when the Opposition gued that it gave an advan-ge to foreign licensed institu-ns over their domestic unterparts.

Lord McCluskey said: "The vernment remains of the inion that an overseas licen-l institution ought to be able use, in the UK, its banking me—provided that its status made plain."

He rejected an amendment oved by Lord Redesdale from Opposition front bench, on grounds that it would eate a third tier of deposit-ing institutions and place un-eptable duties on the Bank England.

Lord Redesdale explained that the object of the amend-ment was to restore to those branches of banks which had always called themselves banks in the UK, and which were recognised as banks overseas, the right to retain the word bank in their title.

But this right would be operative only in cases where the bank itself was of such size and status that it could satisfy the Bank of England that it could meet the required mini-mum standards for recognition.

"The Government is faced with opponents who are going round and round in circles. We are becoming slightly dizzy."

He stressed that the present provision in the Bill had brought complaints from a group of 25 foreign banks.

"This amendment does restore a degree of fairness to the situation," claimed Lord Redesdale.

He did not press the amend-ment to a vote, but made it clear that the Opposition would be reluctant to accept Lord McCluskey's offer to restore the Bill to its original form.

Lord Redesdale gave notice that the Oppositon would return to the issue at a later stage in the Bill.

Lord McCluskey told Tory peers: "The trouble is that the Government is faced with opponents who are going round and round in circles and we are becoming slightly dizzy with it."

Earlier, the Government was defeated by 45 votes (106-61) when Tory peers carried an amendment requiring the National Giro Bank to contri-bute to the fund established under the Bill to protect depositors.

Lord Redesdale argued that National Giro Bank should contribute to the fund because it wished to be considered as a bank and to compete on an equal footing.

"What is good for the goose is good for the gander," he said.

Lord McCluskey recalled that a similar proposal had already been rejected by the Commons.

He stressed that National Giro Bank was part of the Post Office, so that its depositors already enjoyed a Treasury guarantee.

The Government suffered a second defeat when an Opposi-tion amendment limiting the amount by which the Treasury is able to increase the size of the protection fund was carried by 100 votes to 51.

Burglary blamed for leak

By Richard Evans, Lobby Editor

THE LEAKING of the confiden-tial Government document sug-gesting that state subsidies for loss making projects were out-stripping the growth of national income, was probably the result of a burglary.

The inquiry, instituted by the Prime Minister after the Treasury document appeared in The Guardian, has found very strong circumstantial evidence that it was stolen from a civil servants' home.

The document, a confidential memorandum from Sir Douglas Wass, Permanent Secretary to the Treasury, to Sir Peter Carey, Permanent Secretary to the Industry Department, listed seven defence and industrial projects which it was calculated were losing nearly £800m. The main reason for all the projects was to save jobs.

Women wanted

MORE women are wanted by the Government to sit on public boards and committees. The civil service says it is making "strenuous efforts to improve the quantity and quality" of women willing to carry out public work. However, it rules out setting any percentage targets for women.

House procedure strategy unveiled

BY ELINOR GOODMAN, LOBBY STAFF

THE COMMITTEE of back-benchers responsible for last year's controversial proposals for reforming the procedures of the House of Commons yester-day produced its strategy for getting what it regards as the most important of these reforms accepted.

Rather than allowing MPs to get bogged down in a discus-sion of all 76 recommendations, the select committee on proce-dure argued that special priority should be given to its proposals for reorganising the structure of select committees.

One day of Parliamentary time, it said, should be set aside to allow the House to discuss the committee's proposal for setting up 12 new select committees which would monitor the work of particular departments on an ongoing basis.

At the same time, MPs would also be asked to vote on the committee's recommendation that every select committee should have the power to demand the attendance of ministers.

The committee's original re-commendations reflected the view of many backbenchers that new and more powerful Parlia-mentary watchdogs are needed to deal with the growing bureaucracy of Whitehall.

Judging from the debate on the committee's report in Feb-ruary, the proposals won the support of a wide cross-section of MPs.

A number of senior Conserva-tives, like Mr. Francis Pym and Mr. St. John Stevas are also sympathetic to many of the re-commendations, and members of the committee believe that if MPs were given a chance to vote on some of the main proposals, there is a good chance they would come down in favour of change.

Mr. Michael Foot, the Leader of the House, together with many other senior Cabinet members, remained opposed to many of the changes advocated but at the end of the February debate he agreed that the House should be given a chance to vote on the questions raised by the report and that discussion should take place between the parties about what should be done next.

The special report produced by the procedure committee yesterday represents the basis of the motions which MPs will be asked to approve on the first day allotted for debating procedure.

The committee also isolated another group of recommenda-tions, dealing with legislative procedural changes, which they suggest should be debated if a second day was allotted to procedure.

Finally, the committee listed a group of lesser proposals which it claimed were not con-troversial and could therefore be brought forward for con-sideration without much delay.

It proposed that these should be put on the Order paper one night for consideration by the House after the day's proceed-ings ended at 10 o'clock.

PM's inflation rate challenged

BY IVOR OWEN

BRITAIN'S annual rate of inflation, although rising, may still remain "in the region of 10 per cent or thereabouts" the Prime Minister told the Com-mons yesterday.

Mr. Callaghan held to this "hope" despite being chal-lenged by Mrs. Margaret Thatcher, the Opposition leader.

She argued that the rate of inflation—if calculated on the same basis which enabled Mr. Denis Healey, the Chancellor of the Exchequer, to talk of "8.4 per cent" at the last general election—had already reached 13.3 per cent.

The Opposition leader pointed out that the 13.3 per cent rate—arrived by grossing up the inflation rate for the last three months to an annual figure—had been given in a Ministerial answer to a ques-tion by Mr. Nigel Lawson, a Conservative Treasury spokes-man.

Mr. Callaghan maintained that the retail price index, which last Friday reflected an annual rate of 9.6 per cent, offered a better basis for cal-culating the level of inflation than a carefully framed ques-tion designed to get a parti-cular answer.

He acknowledged that as wage increases worked through into the rate of inflation—and they had started to do so since the beginning of the present wage round last August—the rate of inflation was likely to increase.

Even so, he believed that inflation would not return to the levels experienced when Mrs. Thatcher was last in office as a member of the Heath Govern-ment.

The Prime Minister also con-tended that the level of wage settlements seemed to be "settling down"

They were certainly much less than had been feared at the time of the Ford and lorry drivers strikes.

He also recalled that the Government's latest agreement with the TUC was designed to reduce the rate of inflation over the next three years to under 5 per cent.

Revivalist fervour v. diplomatic sangfroid

By John Hunt

he hard core left-wingers ho sit below the gangway on e Government benches in e Commons always take ave exception when a Tory P has the temerity to speak trade union matters.

Nothing will shake their ndamentalist belief that all embers of the Conservative arty are effete public school oducts who know nothing of e brutish realities of the op floor.

So the angeries were not vourable yesterday when . Ray Whitney (Wycombe), se to introduce a Bill en-uraging unions to hold cret ballots

An angry rumble immedi-ely began on the Labour nches. "What do you know out trade unions?

They were apparently upset Mr. Whitney's lack of orking-class credentials. ntil his success in a by-elec-on last year, he was a pro-ssional diplomat (BA Hons Oriental studies) with rvice in Peking, Buenos res and Dacca.

But what really provoked e left-wingers was his claim at Mr. David Basnett, neral secretary of the eneral and Municipal orkers' Union, had been ected by less than 25 per nt of his membership.

At this, Mr. Ernest Perry ab, Battersea S), who is onsored by the GMWU, ploded.

"He has singled out my ion's general secretary. e has singled him out!"

With diplomatic sanfroid, r. Whitney drew to a con-usion, observing that no ubt Labour's case would be t by "some lecturer in anagement studies who aims to speak in the name of e working class."

What he got was even tter—Mr. Tom Litterick ab, Sellyoak) former senior cturer in management idies at Lanchester College Technology, Coventry, and industrial relations at the iversity of Aston.

As the dust settled, Mrs. argaret Thatcher, the Con-rvative leader, led her oops into the voting lobby id Mr. Whitney's Trades nion (Secret Ballots Bill) as approved by a majority five (189-184).

As it was introduced under e 10 minute rule, it stands chance of becoming law. evertheless, honour was tisfied and the Tories felt ey had won the argument hich is why such Bills are troduced in the first place.

Firm Tory support for Europe emphasised

By Elinor Goodman, Lobby Staff

MR. FRANCIS PYM, the shadow Foreign Secretary, yesterday nailed the Conservative colours firmly to the European mast, formally dispelling any im-pression made last week by the shadow Trade Secretary that Tory enthusiasm for Europe was wavering.

He also emphasised that a Conservative Government would campaign for many of those re-forms now being pursued by the Labour Government.

The Community must endure on a commonsense basis and this meant a more equitable budget and fundamental changes in agricultural and fish-ing policies.

A Conservative Government would also oppose harmonisa-tion for its own sake, he promised.

Mr. Pym's speech to the Europe Society indicated the approach which is likely to be adopted by the Conservatives in the run-up to the June direct elections.

He said the need was for con-structive reform from within the Community rather than the kind of cheap political point-scoring in which he implied the Labour Government had been in-dulging.

He also suggested that some of Britain's problems within the Community were the fault of the Labour Government rather than the Community itself.

The failure of Labour's economic policies meant that Britain's potential share of con-tributions to the EEC budget was too high—and a Conserva-tive administration would have to try to reduce it.

But he emphasised that the succes sof the Community was vital to Britain. That success, he claimed, could best be secured by "quiet diplomacy rather than constant threats."

Special British interests had to be safeguarded but he main-tained that there was a "whole world of difference" between the Labour Party, which had no overall vision of how the Com-munity should develop, and the Conservative Party, which wanted specific changes within the context of the constructive development of the Community.

Repeating his warning that there are now serious dangers to world peace, Mr. Pym said Europe could not afford to con-tinue the luxury of division within its own ranks.

Britain should use its inter-national links to act as a bridge between the Community and both North America and the Commonwealth.

Today in Parliament

MMONS: Debate on the port of the Shackleton Com-ttee. Motion on the Preven-n of Terrorism (Temporary ovisions) Act 1976 (Continu-ce) Order.

ORDS: Short debates on the tutt report on agriculture and e countryside, and on the cond land utilisation survey. censed Premises (Exclusion Certain Persons) Bill, com-ttee stage.

LECT COMMITTEE: Ex-nditure. Trade and Industry b-Committee. Subject: UK mestic air fares. Witnesses: itish Airports Authority. oom 16, 10.15 am. Nationalised dustries. Sub-Committee B. ubject: Report and Accounts. itnesses: British Shipbuilders. oom 8, 10.45 am. Public ccounts. Subject: Report of e Procedure Committee. Wit-sss: Comptroller and Auditor eneral. Room 16, 4 pm. Expen-diture, Social Services and Employment Sub - Committee. Subject: Perinatal and neonatal mortality. Witnesses: Faculty of Community Medicine; Health Education Council. Room 6, 4.30 pm. Nationalised Industries. Sub - Committee E. Subject: Ministers, Parliament and the Nationalised Industries. Wit-nesses: R. L. E. Lawrence, chairman of the National Freight Corporation; Sir Robert Marshall, chairman of the National Water Council. Room 8, 4 pm. Nationalised Indus-tries Sub-Committee D. Subject: Consumers and the Nationalised Industries. Witness: Mr. Roy Hattersley, Prices Secretary. Room 7, 4 pm. European Legis-lation. Subject: EEC Agricul-tural Prices 1979. Witness: Mr. John Silkin, Minister of Agri-culture. 4.15 pm. Unopposed Bills. Ipswich Port Authority. Room 9, 4 pm.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Big savings on the cost of power

MAXIMUM DEMAND control equipment which can save up to 20 per cent on industrial electricity costs without reducing power consumption, is being marketed by the Servodyne Controls.

It makes the best use of present industrial tariffs which impose a second "maximum demand" charge in addition to the charge for current used. The second charge is proportional to twice the number of kVA or kW supplied during any half-hour period.

Controlling the level of highest demand—by spreading the load over several half-hour periods instead of permitting a series of peaks and troughs—can save up to a fifth of a factory's electricity bill without actually using less energy.

Load control is handled electronically by comparing target levels set in advance with actual or expected consumption levels. If demand exceeds or looks like exceeding the target, the load is automatically reduced by switching off superfluous equipment. In most factories there are many units that do not need to operate continuously, simple examples being heaters or non-essential lighting. And in most cases the load need only be shed for a matter of minutes.

Over successive half-hour periods, units consumed from the beginning of each period are totalled and, as the period progresses, actual consumption is compared against the target. If over-consumption seems likely, load-shedding can take place before the period is up, thus obviating a cost penalty. The half-hour periods are synchronised with those set by the Electricity Board.

Up to six load circuits are wired into Servodyne's controller and load can be shed in a pre-set sequence if required. Small loads such as lights or heaters can be grouped or each circuit may take one major load such as a refrigeration plant. A simple example would see a batch of space heaters shut down for the last few minutes of one half-hour period, then reconnected in the next period. The system also works in reverse so that, should overall demand fall, then loads already shed can be restored.

Payback on the installation varies with overall electricity consumption and the local charge pattern. A fair average seems to be 17 months. In some plants this could be reduced to under a year, in others it might take three years.

Servodyne Controls, Sadler Forster Way, Teesside Industrial Estate, Stockton-onTees, Cleveland TS17 9JY. 0642 593718.

● IN THE OFFICE

Drawing in comfort

DRAUGHTING stands of a new design allow draughtsmen to work at any point of their drawing boards, comfortably seated on modern, correct posture, normal height chairs.

This is important, not only for reasons of health and comfort, but also for improved efficiencies in overall drawing office operations, developer claims.

A study has shown that as little as 85 per cent of the working day can be spent in drawing. The remainder is occupied in investigation, reference, discussion, clerical and other desk height, feet-on-the-floor operations associated with draughting. For many draughtsmen, drawing is simply the development and graphic expression of ideas evolved away from the drawing board.

In reducing the height of its draughting stands to eliminate high-stool working, Alkens has re-designed the compensating mechanisms to provide finger-light, fully counterbalanced board movement. This allows the draughtsman to adjust the height and angle of his board at will, so that the working surface is always in the most comfortable and efficient position.

Alkens is at 31, Sidcup By-Pass, Sidcup, Kent. 01-302 2535.

● DATA PROCESSING

Terminals come in many forms

IN WHAT is the first large-scale application of the 16-bit 8086 microprocessor from Intel, Burroughs has brought out a series of terminals that will arouse a great deal of interest among the banking fraternity where Burroughs has many customers.

Three basic systems are on offer, providing different capabilities according to where the micro resides and what units are linked together.

MT 200 and MT 300 are pre-programmed units. The first series is based on the use of the display, which can be selected from 5, 9 or 12-inch screen types, each with a capacity of 15 lines carrying up to 40 characters.

The 200 can work with alpha, numeric or alpha-numeric keyboards.

MT 300 is based on the associated printer, which is a 90 cps, bi-directional matrix unit with either 4½ or 8½ inch wide format. It has an associated numeric keyboard with a 40-character display.

Both these machines fit in very neatly behind the security screens of bank and TSB front offices anywhere.

Users can program the MT-600 which is display-based and aimed primarily at interactive entry under the ultimate control of a host computer, fitting within standard formats.

Closely associated with the latter unit is the creation of an Algol-type language which allows users to set up their own forms with minimum delay. Essential in this type of work is the microdisc that Burroughs has created in its own workshops to support its new terminals. This is a dual 4½-inch device which can be supplied in four types to suit varying purposes.

Burroughs is at Heathrow House, Bath Road, Cranford, Hounslow, Middlesex, TW5 9OL. 01-759 6522.

● INSTRUMENTS

Accurate check of big currents

JOINTLY with the Oxford Instrument Company, Brentford Electric of Manor Royal, Crawley, West Sussex RH10 2QF (0293 27755) has developed an extremely accurate current measuring transducer able to make measurements to within one part in a million.

Combined efforts of the two firms (Oxford Instrument has wide experience in nuclear magnetic resonance and Brentford is a leader in dc power engineering) has resulted in what is claimed to be a new approach to precision current measurement based on the NMR technique of measuring magnetic fields.

Two NMR cells are positioned in a magnetic field made up of the field produced by the current to be measured and a separated bias field which is virtually constant. The current to be measured flows through a two-coil system where it superimposes a shift on a constant applied magnetic field produced by bias coils. Since the current in the measuring coils flows in opposite directions in the two-coil system, the shifts are produced in opposite directions.

A self-tracking NMR probe in each coil system determines the resultant fields by measuring the frequency at which protons resonate, this being accurately proportional to the field strength. The two frequencies are then subtracted by appropriate electronic circuits, the difference being proportional to the current being measured.

System linearity and reproducibility errors are claimed to be less than one part in a million. Furthermore, the instrument can measure direct currents up to 10,000 amperes and follow variations in current taking place at 1,000 amps/sec.

The equipment is self-contained and transportable; no supporting measuring equipment is needed—for example, for calibration—and the cells can be mounted remotely from the control equipment with data transmitted over lines.

Applications will occur in high current measurement, determination of very low resistance, super-conduction work and in measurements on dc power lines.

Tiny detail seen within

THE TECHNIQUE of producing the very small x-ray sources needed to obtain high definition pictures has left the "big laboratory" environment and has become a commercial proposition in the Microx 60/1 equipment developed by Thor Cryogenics, Henley Road, Berinsfield, Oxford (0865 340601).

Making x-ray pictures can be basically thought of as a "shadowing" effect: unless the source is very small, the edges of the various picture elements cannot be sharp (for the same reason a light bulb never throws a sharp shadow).

The x-ray tube in the Thor equipment is demountable to provide full access to both filament and the thin-walled tungsten cylinder target; continuous pumping is employed. Using target voltages in the 20 to 60 kV range and electron beam currents up to one milliamp, the x-ray source diameter on the target surface is 10 microns if the power is less than 10 watts, increasing to 60 microns at 60 watts.

Beam focus is adjusted by changing the relative positions of the electrodes as well as their voltages. An external servo drive through a seal is used to obtain the motion.

Magnification is altered simply by altering the position of the sample along the beam length (the "shadow" always remains sharp). A "zoom" effect of up to 25 times magnification is obtained in this way, and two direction control of the sample across the beam is also motorised. Samples measuring up to 250 mm square can be accommodated.

A further important advantage of the point source is that all parts of a thick sample are in equally sharp focus—the depth of focus is very great, in contrast with both optical and electron microscopy, both of which examine thin slices in transmission, or surfaces only. Sample thickness is in the 5-10 mm range.

Images can be viewed either directly using an x-ray-sensitive closed circuit television system, or can be conventionally photographed. A shutter is supplied with digital exposure time control in the range 0.01 to 90 mins.

Apart from the customary medical applications, the equipment should also prove useful in non-destructive testing and quality control, particularly with the growing emphasis on miniaturisation of both mechanical and electronic components.

A basic equipment costs about £32,000; dimensions are 560 x 670 x 1,410 mm (control console), 1,410 x 670 x 1,320 (x-ray cubicle) and the weight is 250 kg.

● POWER

Maintains the right voltage

THE INVERTERS normally used to supply sensitive items such as computers (in order to obtain a pure, spike-free ac) can experience overloads or other problems and where this is likely a static switch unit from Avel-Lindberg, South Ockendon, Essex (04025 3444) will provide no-break transfer of the load either to an alternative mains supply or to another inverter.

Based on thyristors, the unit can deal with a 1500 VA nominal maximum load at 220 V, or 1000 VA at 110 V, 50 or 60 Hz.

Operating time for the detection of a fault is less than one millisecond so that very short-lived breaks can be coped with; synchronism with the alternative source is automatically dealt with. However, switching levels and the time constants of the detector circuits are set at the factory to provide optimum response without unnecessary transfers being caused by current inrush due to load switching.

● TEXTILES

Composites made less costly

PROPRIETARY FABRIC finish that greatly improves the resin/fibre bond between Kevlar 49 fabric and polyester resins has been successfully developed by the Industrial Textiles Division of Fothergill and Harvey.

Until now, the designers who wanted high-performance Kevlar composites have had to reject the relatively low-cost polyester resins in favour of more expensive vinyl-ester or epoxide resins to get the performance they sought.

Polyester resins were usually rejected because it was felt they were not as compatible with Kevlar fibres as other resin systems. Incomplete bonding of fibre and resin was revealed in laboratory specimens by poor flexural and short beam shear properties.

However, when Kevlar fabric with the new Fothergill and Harvey finish is used with polyester resins the resin/fibre bond is strikingly improved. Flexural strength is increased by 24 per cent, wet flexural strength loss is reduced by 58 per cent, short beam shear strength is increased by 20 per cent, and compressive strength by 23 per cent.

To ensure that the tests from which these figures were obtained would be of value to designers the Fothergill and Harvey technicians made all their test specimens from Kevlar fabric finished on production machinery rather than samples.

Fothergill and Harvey, Summit, Littleborough, Lancs. 0706 78831.

● MAINTENANCE

Brightening up the grandstand

EPSOM RACECOURSE complex is not only exposed to the Downs, it is wide-open to the world's sporting eyes, especially this year when the 200th Derby will be run.

Face-lift benefactors to Headingley Cricket Ground, Old Trafford and Wordsworth's cottage in the Lake District, Crown Paints has now sponsored over £20,000 worth of paint and materials for the redecoration of Epsom's main grandstand including private boxes, corridors, restaurants, serveries and bars, together with dining rooms and staircases.

Included in the redecoration programme, scheduled to be completed by the end of May, is the 100-year-old Princes Stand and the 1914-18 Building.

The company is supplying in excess of 20,000 litres of paint—gloss, emulsion, primers, masonry paints, and special treatment paints for such areas as roofing and steelwork.

Painting and repair work, paid for by United Racecourses, will be carried out by London contractor Alick Whittle, Hamson, a company associated with Epsom for many years.

● METALWORKING

Produces sheet for steel drums

TWO NEW sheet preparation production lines at Rheem Blagden's Bristol steel drum factory will produce sheets for steel drum bodies and form blank wide coil to a profile that makes possible the subsequent production of pre-coated ends with the minimum of waste.

The body line will employ the most modern electronic feeding mechanism of American design, says the company, capable of cutting to length with a maximum error better than plus or minus .5 mm with facilities for the incorporation of side trimming. The production rate will be 2,800 body sheets per hour, in gauges from .5 to 1.5 mm.

The press feed line will process similar gauges through the single action eccentric geared 200 tonne press processing coil to produce blanks at the rate of 1,800 per hour or 3,600 drum ends subsequently. Once again, the most sophisticated electronic feeding mechanism will be employed to achieve accuracies better than .5 mm.

Sheet preparation equipment represents an investment in excess of £1½m. and will be in full production at the end of this month.

Will go anywhere arc welder

LIGHT and compact a new arc welder will operate from a standard single phase power supply and is capable of complete portability to a variety of workshop and on-site locations.

The THG 140 from ESAB offers a simple, infinitely variable adjustment of amperage throughout the working range giving outstanding welding characteristics, very little spatter, smooth welding and positive arc strike and restrike even at low current settings.

Versatile enough for both repair and construction applications, this model is completely safe, easy to operate and capable of achieving professional results after relatively little practice. Each set is manufactured to comply with British Standard 638 and incorporates a thermal cut-out device as an over-load safety factor. During manufacture each machine is individually tested.

Standard accessories include welding cables, electrode holder, earth clamp and hand screen with filter glasses.

THG 140 is suitable for plant maintenance, sheet metal work, body repairs, wrought iron work, balustrading and metal sculpture.

ESAB, Gillingham, Kent ME8 6PU. Medway 34455.

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ANTHONY DICKS ASSOCIATES

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Michael Lafferty takes a critical look at the accounts of the big four

There's no accounting for banks

THE clearing banks need to set up another committee to harmonise and improve their accounting practices. The latest effort aimed at better accounting and disclosure, reflected in the batch of reports just released, has not been a success by any standard. In the area of bad and doubtful debts it has provided analysts and other users of accounts with figures that are of meagre value. Even the clearing banks themselves admit that little can be concluded from what has been revealed.

The central area of concern is the banks' so-called general provisions for bad and doubtful debts. These are amounts set aside in the banks' accounts "to cover potential bad debts not yet identified," and are in addition to specific provisions made against advances whose recovery is doubtful. The Price Commission, in a report on bank charges published in April, 1978 called on the clearers to disclose the levels of the general provisions, adding that these were generally believed to represent between 1 and 1½ per cent of advances at risk. The Commission was also highly critical of the private accounting convention known as the Leach-Lawson Rules under which the clearers had operated for almost a decade. The Rules, described by one member of the Commission at the time as "accounting mumbo-jumbo," were said to contribute to "the air of magisterial authority" with which the clearers conduct business with their smaller customers.

Following the Price Commission report, the clearers established a committee of senior bankers to review the whole area of bank accounts. The outcome was a new statement of clearing bank accounting policies which was issued in January this year. This signalled the end of Leach-Lawson and promised that in future the clearers would make certain disclosures about their bad and doubtful debt provisions.

It seemed too good to be true. Two months later, now that the evidence of what the banks have actually done is available the very least that has to be said is that the move has not lived up to expectations. Instead of revealing the amount of the general provision, as called for by the Price Commission, each of the big four clearers has produced an aggregate figure for both the specific and general provisions. This Barclays note is typical of what has been published:

	£m
Provisions at beginning of the year	435
Provisions raised during year (less amounts released and recoveries of bad debts previously written off) and charged against operating profit	23
	458
Amounts written off, less recoveries	58
Provisions at end of year	400

The statement itself is not nearly as informative as it purports to be, because the calculation is done, in a sense, backwards. After determining the required overall closing provisions, the amounts written off, less recoveries (the net figure arising from actual bad debts, adjustments to both the specific and general provisions, and recoveries of bad debts already provided for) is entered. Thus, the amount of £23m charged *against profits is simply the residual* determined by the other three figures. The two intermediate figures are therefore uninformative.

But there is something much more fundamental to be questioned here. Is the general provision correctly described? According to the Companies Act 1967 a provision is defined as: "Any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for *any known liability* of which the amount cannot be determined with substantial accuracy."

The vital point is that the liability be *known* to exist at the time of the balance sheet in the case of a provision. A reserve, on the other hand, means an amount retained as part of shareholders' funds to meet *unknown* eventualities, which are as different as chalk and cheese.

The clearers' disclosures, as reported above, say the general provisions cover *potential* bad debts not yet identified. This seems very much like an admission that they are reserves. If they are reserves they have no part in profit calculation, and are simply an appropriation of the surplus earned.

Many clearing bankers strongly deny the claim that the general provisions are reserves. For the record, however, senior officials of two clearers effectively admitted the point at Press conferences this year. In one case the banker described the general provision as "reserves which are not distributable." In the case of a third clearer, in answer to the question: "Have you ever had to dip into the general provision?" the following reply was made: "The answer is that one doesn't. You always provide enough specifically."

Another piece of information to emerge in this year's accounts *seems to give the game* away too. Three of the major clearers — Lloyds, National Westminster and Midland—say they take into account potential tax relief in establishing their general provisions. This is Midland's note: "The general element (of the total bad debt provision) arises in relation to latent risks which are present in any portfolio of bank advances but which have not been specifically identified. This part of the provision does not attract tax relief when set up but, in considering its adequacy, the directors recognise that in the event of its use against specific bad debts, tax relief would then arise."

In other words, each of these banks is making deductions *net of tax* above the pre-tax line in the profit and loss account. The very least that can be said is that this is not normal accounting practice. Net of tax allocations generally come in below-the-line. Indeed this is what might be expected if a bank was making a specific reserve for some purpose. By making the general provisions on a net basis the banks concerned could be said to have admitted that the amounts concerned are in reality reserves.

The exception is Barclays. It has made the general provision on a gross basis. The result, of course, is that the aggregate amount of Barclays' provisions is out of all proportion to those other three clearers; the Barclays provisions as a percentage of all the money lent at the end of last year comes out at 2.3 per cent. The figures for the others are as follows: Lloyds, 0.8 per cent; National Westminster, 1.6 per cent; Midland, 1.6 per cent.

It is impossible to make any comparison between these percentages simply because the relative proportions of specific and general provisions are not disclosed. There are suggestions, however, that the amount arising from the specific element is higher than outsiders might have guessed. A rough 50:50 split is estimated by one source.

Obviously, it would be in the London clearers' interest to convince the Inland Revenue of the need for maximum specific provisions, since these qualify for immediate tax relief. The matter is of some significance since the Scottish clearers are said to get a significantly lower proportion of what the London banks would call specific provisions allowed for tax relief.

It may simply be hard luck that the Scottish banks have a different tax inspector. It could also be concluded that the London clearers' specific provisions are already *more than adequate* to cover the actual experience of bad debts—without the buffer of the general provisions at all.

But what about the auditors, many people will no doubt say. The answer is that very little can be expected from auditors in special cases like the clearing banks. Traditionally, the banks have ben allowed special treatment under company law, to set aside secret reserves and disclose less information than other companies. The clearers, of course, waived their exemption in 1969 and supposedly came clean into the Leach-Lawson Rules. These rules, too, bore little relation to other companies' accounting practices but since all the banks were following them they no doubt appeared to have value for presenting a true and fair view of the banks' results and financial position. Against this background the new disclosures on bad debt provisions represent little change as far as the auditors are concerned.

But there is little point in a post-mortem. There is now plenty of time for the banks to re-think their whole approach to accounts before the 1979 accounts come before the boards. A start could be made by transferring the general provision to what appears to be its rightful place — among the shareholders' funds as a reserve. That leaves the specific provision where, as the Price Commission commented, disclosure "is not as appropriate as that of general provisions." The Price Commission, of course, favoured disclosure of general provisions. Either way, the result will be the same. To quote the Commission's report: "The banks' free capital and general provisions stand together to protect the depositor, who should know the sum available to protect him."

Only when this issue is dealt with will there be any real value in moving on to more disclosure in areas such as the profit and loss account, and the various segments of each bank's business.

What the brokers say

For the purposes of this article the five bank analysts ranked top of their profession in the 1978 Continental Illinois survey were asked for their reactions to the new disclosures about bad and doubtful debts.

The analysts are: Keith Brown of Greenwell; John Tyce (with Bernard Lardner) of Laing and Cruickshank; Ian McLean of Wood Mackenzie; Bob Yates of Messel; and Rod Barrett of Hoare Govett.

(For the sake of continued good relations with the banks individual comments are not attributed.)

Without exception, the five analysts describe the disclosures as inadequate and the general view is that the exercise has been a failure. One dismissed the results simply as "confusing and disappointing." Another said that the clearers had missed "a golden opportunity to gain some credence in the market. The banks have mishandled the whole affair. There is still no means by which a shareholder can judge the loan portfolio or the adequacy of the provisions." Two of the analysts expressed the view that the general provision could and may be used by some banks as a means of smoothing profits. "I was so looking forward to this new information. Now I am none the wiser at the end of the day," was another comment. Two analysts thought they might be able to make some use of the new data over a period of years. Otherwise, said one of them, "It's been a bloody shoddy affair." Finally, one analyst said he was not at all disappointed at the outcome. "I didn't expect much," he added.

Industrial democracy by the back door

BY GEOFFREY STUTTARD*

WHILE the Government is committed to increasing industrial democracy, it could be said that there is already an industrial democracy act on the statute book—it is called the Health and Safety at Work Act, 1974.

In this Act, it is the Regulations, Code of Practice and Guidance Notes for safety representatives and safety committees—issued by the Health and Safety Commission and in full operation from October 1, 1978—which provides the germ of industrial democracy. In particular, it allows for the right of safety representatives to hold at least a three-monthly inspection of their workplaces.

For the first time in law, the Regulations have given trade unions decision-making rights in their workplaces. When safety reps are making inspections of their workplaces, the Regulations give the appropriate manager the right to be present. This underlines the industrial democracy the Regulations have brought about: a trade unionist going round the workplace, with a group of managers and advisers in attendance and who stop where he stops, note the hazards he indicates, defend inaction on previously reported hazards, and promise action on new matters the safety rep may raise.

If role-playing leads to learning, what may come out of this? One area of learning can be on attitudes. At one large bus garage, the safety rep approached his manager to fix a date for a first inspection. The manager's first reaction was in the old style: "You are not going to inspect my bloody workplace." The safety rep knew his rights and the company's safety policy better than did the manager: he had been on a course, and the manager had not. "I think you had better find out HQ's policy on inspections," he said—which the manager did, and found his workplace was a place of shared rights. But will it be a place of shared responsibilities?

The next area of learning is the training many of the safety reps undergo. The Regulations exclude them from legal responsibility in their position as reps (but not as employees) but their training courses create in them a strong sense of responsibility for safety.

Nearly 70 per cent of all TUC education courses in the South East are for safety reps. The students compile checklists of potential hazards, analyse clauses of statutes, distinguish between Acts, regulations and codes, establish standards, for noise, lighting and temperature, learn about threshold limit values and consider how to measure dust and stress. They encounter industrial doctors, safety advisers, and inspectors.

All this, and their right to information from employers and inspectors, encourages safety representatives to get involved in the kinds of thinking and decision-making faced by managers: for example, what changes should be recommended in the workplace? However much might they cost? What are the best materials and plant to use? What is the best safety policy for the first?

Recommendations they make may not be for the sake of efficiency or productivity, but *for safety*.

In one course, for safety representatives, I asked students to take a regularly used workplace material — a barrier cream, a cleaning fluid, a type of paint — to their managers and ask for a chemical analysis of it and/or the manufacturer's instructions on its use. It was found that the use of one material should have been discontinued two years' ago; the manufacturer's instructions on another had not been passed on to the users; and a manager gave one representative time-off to have a third material analysed at the company laboratory. The laboratory manager who did this pointed out that before October 1, 1978 he would not have done it for a trade union representative.

A side effect of the training of safety representatives is that they may know more about the Health and Safety Act and its implications than many of the managers they see day by day. This leads managers to demand more training for themselves.

Trade union organisation also has to categorise the role of the safety representative. The Regulations legitimise a kind of shop steward for the first time, and give rights which full-time union officials do not have. They may also know less on the subject than the representatives themselves.

In one printing firm, the workers took the safety aspect so seriously that they elected a newly-trained safety representative as FOC (shop steward). He so convinced his employer of his grasp of safety matters that major changes in operational methods were quickly introduced. These cost a few thousand pounds.

On the question of cost, realistic social audits should be made, in which savings to life, limb and health, as well as moves towards industrial democracy, should be taken into account.

Developments in London Transport provide a good illustration. Three years ago two working parties were set up on topical subjects — industrial democracy and health and safety. In general, the employees and stewards have shown little interest in the progress and projects of the industrial democracy working party, but the one for health and safety, now transformed into a central safety consultative committee, has been affected by a groundswell of workplace interest, in resource materials for safety reps, information, inspections, rights over sub-contractors, and company policies. Not surprisingly, in the short term, a safety rep is more interested in the formula of a chemical used in the workplace than in the 2x + y of the Bullock Report. In the long term, through health and safety involvement, union reps may be preparing for much wider involvement in decision-making.

Health and safety is a very democratic force. As one safety rep remarked: "A fire doesn't distinguish between people, and when something falls off a roof, it falls equally on managing director and shop steward!"

Geoffrey Stuttard is senior staff tutor in Industrial Relations at the University of London.

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Auditor's charges

In a dispute between a certified accountant and a company relating to the charges in connection with the compilation and *auditing of the company's* accounts, what action can be taken by the company to have the charges independently assessed? Is the company legally bound to pay the charges before an AGM has fixed the auditors' fees? In relation to a lien, created on the company's books does this apply to books on which no work has been done and does the creation of a lien give the accountant the right to interfere with the right of a director to inspect the company records?

There is no machinery for independent assessment of the charges. It is an issue between the company and its auditors what fee is payable under the contract of retainer. In the absence of express agreement as to rates of remuneration the auditors are entitled to a reasonable fee—if this cannot be agreed one party or the other must ask the court to declare what is a proper sum. The fees need not be paid before the annual general meeting. The lien probably extends to all the company's books in *the auditor's possession.* However the lien does not entitle the auditors to refuse directors access to inspect the books.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

FINANCIAL TIMES SURVEY

Wednesday March 21 1979

BREWING

Falling profit margins, growing take-home sales and a possible Budget increase in the duty on beer are among the problems giving brewers plenty to worry about. At the same time a series of official moves, backed by Mr. Roy Hattersley, Prices Secretary, to regulate the industry has led to an uneasy relationship with the Government.

Pressure from all quarters

By David Churchill

: WILL come as no surprise Britain's brewers if Mr. Denis ealey (when he presents his udget in just under two weeks' me) decides to increase the ity on beer, especially since : failed to do so 12 months o. The only mitigating factor that an increased tax on beer ay not be prudent for a Labour vernment in an election year.

Nonetheless, the brewers are eling extremely sensitive at esent to any form of Government intervention in their 'airs: they are fast growing ed of being a political football and another duty increase ay prove to be the final straw.

The current cause of concern the Price Commission's investigation into 3p per pint ice rises sought by Bass and hitbread—increases which the ier major brewers have been owed in full while Bass and itbread have been restricted only 1p.

Neither Bass nor Whitbread ve been given any official ison for their being singled t by the Commission since it increases are common to the big brewers. The two ewers also were unlucky in it they were two of the first investigations announced lowing the scrapping of the eguard regulations which omatically protected profit rgins and allowed interim ce rises almost without ques-n. Now the two brewers find y have to go to the Commission cap in hand while their npetitors have escaped scathed.

But the current Price Commission inquiry is only the est of a series of Government-pired moves to keep as close atch as possible on the brewing industry. During the past ade there have been a number of investigations and elopments, including a Monopolies Commission study, a recent Price Commission investigation into the whole sector, and two cases of the brewers "voluntarily" agreeing to exchange public houses with each other to increase competition.

Lobby

On top of that the brewers have had to cope with rapid changes in consumer demand—with Continental-type lagers growing by leaps and bounds—as well as the traditional pub outlet coming under pressure from the fast-growing take-home sales. Moreover, the social problems intensified by alcohol are also threatening to upset the industry since, if a strong temperance lobby emerged, it could hit sales sharply.

The brewers are also stuck with their ever-present problem that the demand for beer, despite all the advertising, changs in demand, or buying and drinking preferences, still depends largely on the weather. A good summer can make all the difference in the high-volume, low-margin business of brewing.

But the latest concern over beer prices represents, to a certain extent, the love-hate relationship that has existed between Mr. Roy Hattersley, Prices Secretary and something of a beer connoisseur, and the brewers ever since Mr. Hattersley took over the job in 1976.

The first development occurred in spring 1977 when Mr. Hattersley asked the Price Commission to carry out an inquiry into beer prices and margins. When the report emerged in July 1977 it was highly critical of the big brewers' prices and lack of competitiveness but still conceded that, excluding duty, beer prices had risen rather less than prices generally and that brewers' profit margins had been falling.

The report's main finding was to revive the 1969 Monopolies Commission's criticism of the tied-house system and it suggested that the Government should look into it further.

As a result of the Price Commission report, brewers and Ministers met to discuss ways of improving competition. While these talks were still going on the revamped Price Commission decided in January last year to investigate the price rises sought by Allied Breweries but to allow the other brewers to push their prices up. Under the now defunct safeguard regulations, Allied was able to secure an interim increase for almost the whole amount sought and when the commission completed its investigation it recommended that there should be no restriction on the increase.

From the Government's point of view though the exchange had been worthwhile since the brewers all agreed to restrict price rises to 12-month intervals rather than put them up at shorter intervals as had been the custom previously.

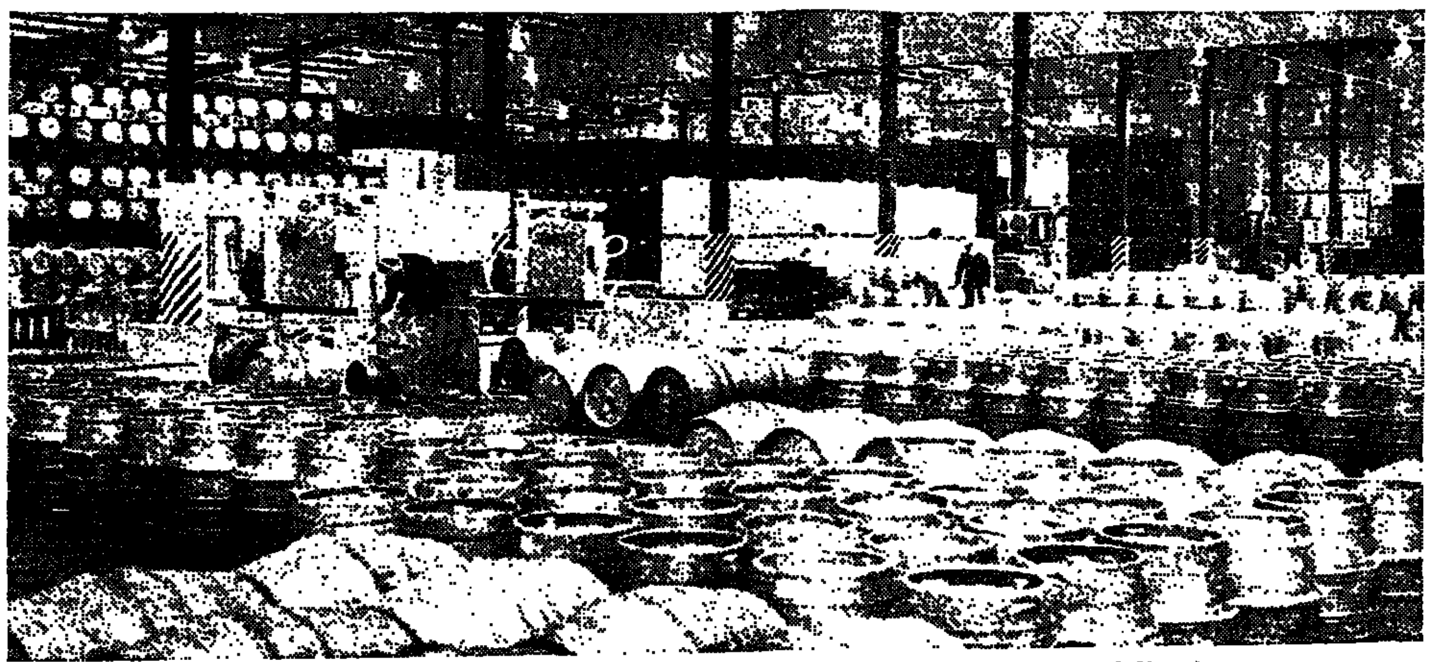
When the 12 months were up and the brewers sought a further price increase — 3p per pint on average — the commission decided to let Allied through untouched as it had investigated the company only the previous year. But armed with a greater feeling of power following removal of the safeguard regulations, the commission decided to investigate the next two major brewers—Bass and Whitbread. This meant an effective three-month freeze on their proposed price rises since there were now no safeguards to appeal to. However, the brewers were still able to appeal to the commission's discretion for interim increases.

Although the commission initially refused these appeals—arguing that it needed more information on which to base a decision — it did eventually agree to a 1p per pint increase to meet the 27 per cent Wages Council award for bar staff. And it left open the door for further interim increases as and when it felt the information from the two companies justified an increase.

Whitbread in particular reacted strongly to the commission's manoeuvring, describing it as "victimisation" that did not line up "with most people's idea of the British sense of justice." More importantly, it said that the commission's decision represented a potential *loss of £500,000 a week in profits* which in the long run could affect investment projects and jobs.

A recent study of beer prices over a number of years, by stockbrokers Rowe and Pitman shows that beer prices generally have not moved much out of line with the retail price index over the last three years except in 1978 when excise duties were not raised and in consequence beer prices went up by rather less than the inflation rate.

The stockbrokers also point out that the brewers who have already increased their prices may face difficulties in staying competitive, especially in the free trade, if Bass and Whitbread prices remain restricted.



Ind Coope's newest distribution depot at Gallows Corner, Essex, handles deliveries for the nearby Romford Brewery

Issue

Apart from the issue of beer prices, the brewers have been involved in lengthy discussions with the Government and each other over the issue of pub swaps. These were first mooted by the Monopolies Commission in 1969 but, apart from a few minor swaps in the early 1970s, it was not until 1977 — after more than two years of negotiations — that the first big swap took place. The thinking was that — largely by accident because of the rapid take-overs in the 1960s — the brewers had an excessive concentration of their own pubs in certain areas. This was judged to be bad for competition and bad for the consumer.

The brewers have never really accepted this argument but have been unwilling to rock the boat while the Government—and especially Mr. Hattersley—retains such a keen interest in the industry. So, last December, after six months of computer-aided research, the brewers came up with another package of 1,000 proposed pub swaps. When these are implemented over the next few years the brewers say that no national brewer would own more than half the public houses in any local government area with a population of 100,000 or more.

Whether the *disruption* caused by these swaps—many local people resent having to change beers at their favourite local—will have any real effect on competition remains to be seen, especially since the pubs involved account for only 2 per cent of the total owned by the big brewers.

Apart from the problems posed by Government, the brewers are also having to come to terms with beer sales over the past two years, which have been bad and average respectively after the bumper sales of 1976 when the summer was so hot. Beer production last year was up only 1.8 per cent (to 40.6m bulk barrels) on 1977 which itself had been a bad year for the brewers.

And January got off to a bad start this year with production down about 3 per cent—to 2.7m bulk barrels—owing to the combined effects of the bad weather and the lorry drivers' strike.

Forecast

Before the impact of last January's weather and industrial troubles became known, the Brewers' Society was forecasting production levels of 43m bulk barrels this year (compared with 40.6m last year) rising to 51m barrels by the end of the 1980s. Draught beers are expected to continue to account for nearly 80 per cent of all beer sold, with the growth of demand for lager causing a gradual decline in most other types of beers.

Perhaps the thing the brewers most fear in the 1980s—after increased Government intervention in the industry—is the emergence of another consumer lobby movement similar to the Campaign for Real Ale (CAMRA) which sprang to life in the early 1970s and forced the big brewers to rethink their marketing strategies. Although in strict sales terms, the real ale movement has had comparatively little impact, its effect—denied by the brewers—in forcing them to reconsider their approach to mass marketing has shown just what a dedicated consumer lobby can achieve.

Problems facing the industry

MERGERS AND acquisitions have significantly reduced the number of companies in Britain's brewing industry. The danger is that unless the smaller companies protect their future financial position, then this trend will continue.

In 1968 there were 117 brewing companies in Britain. By 1975 there were just 82 and last year the take-over of two small companies by regional groups further reduced the total.

While there are many reasons for the growing concentration in the industry, the major reasons remain a shortage of funds, the gradual running down of plant and equipment and ignorance or unwillingness to change and recognise new developments in the industry.

Mr. Colin Mitchell, author of the 1978 industry review for stockbrokers Buckmaster and Moore, has strong views on the matter. He believes that unless the smaller companies are prepared to take the necessary steps to ensure their financial independence and viability, then further takeovers are inevitable.

He suggests that at least 30 more brewing companies could disappear unless their managements take stock of future financial requirements. While this view is seen more as a pessimistic warning than as a prediction by the Brewers' Society it would appear difficult to dispute the historic trends.

Historically, changes in the structure of the industry have taken one of two forms—either mergers between the smaller companies or acquisitions by companies coming in from outside the industry. The impact of the second type of change can be seen right across the spectrum of the industry from the six major brewers to the smaller regional and local companies.

Diversified

The Imperial Group diversified from its tobacco interests by acquiring Courage. The Grand Metropolitan hotel and leisure group now controls the Watney Mann Truman companies. At the other end of the scale, the Ellerman Lines shipping group took over West Hartlepool and Ipswich brewers in August, 1977, while Northern Dairies (now Northern Foods) acquired Hull Brewers, forming the North Country Brewers company.

The tremendous decline in the number of independent brewers since 1900 is seen as the result of a wide range of factors, many of which still remain. Death duties have forced some family brewers to sell up.

The competition from television from the 50s onwards resulted in a degree of public house "overcapacity" and led to mergers in order to obtain improved outlets, rather than merging the brewing plant itself.

Under-capitalisation, high interest rates and insufficient internally generated investment funds have led to the demise of other companies while the shift in the late 1950s away from bottled beer to keg beer required new plant and heavy capital investment. The increase in prime city site values meant that for some brewers selling a prime development site was more profitable than continuing production.

The substantial growth in the market for lager during the past decade has also led to the need for new capital investment. However, the one strength of the smaller local brewer is probably to be found in the relatively low transport and distribution costs. Since transport makes up about 20 per cent of costs, this is not insignificant.

In the longer term, therefore, the survival of the small independent brewer may depend on local circumstances while it seems almost inevitable that he will depend on the larger brewers to supply all but his specialist beers.

The industry is now dominated by six major brewers, Allied, Bass Charrington, Courage, Grand Metropolitan, Scottish and Newcastle and Whitbread—who own pubs—and three specialist brewers, Guinness, Harp and Carlsberg, who do not.

It is unlikely that any of the major companies will be involved in possible future mergers mainly because of the threat of the Monopolies Commission investigation. Any merger involving one of the main brewers would clearly immediately be referred to the Commission and would therefore be unlikely to take place unless there was prior Government consent and approval.

Trend

This does not, however, preclude further diversification at the top end of the industry as the initially controversial takeover of Lyons by Allied Breweries showed, last year. Further diversification into the food and leisure industries could prove to be a continuing trend.

The other area of uncertainty in the longer term is the Harp Lager company, owned by a consortium largely composed of Courage, Guinness and Scottish and Newcastle. Both Courage and S & N now have their own lager brands and it is therefore thought that there could be some rationalisation of resources with the possible sale of one or more Harp breweries.

Sensitivity

The industry faces a number of other major problems affecting its performance, including the problem of over-capacity and difficulties caused by the political sensitivity of beer prices resulting in increased Government intervention.

Whether or not there is real over-capacity on the industry is hotly debated.

The total British brewing capacity, based on the common yardstick of breweries operating at maximum levels for 40 weeks a year, could be as high as 60m barrels a year—about 50 per cent above production levels.

Furthermore completion of major brewery projects including the Courage brewery at Reading and the Whitbread brewery at Magnor, coupled with extensions to other breweries, are expected to expand capacity to 70m barrels by 1980. How much of a problem this proves to be depends on a number of factors such as the level of brewery closures and the growth in consumption, particularly of lager.

The Brewers' Society argues that this apparent level of over-capacity does not, in fact, exist because of seasonal variations in demand and because the wide range of beers availble in the UK means brewers need to be able to switch from one beer to another.

The fact remains, however, that despite its strong base, the industry cannot afford to carry excess capacity if it is to remain profitable.

The importance of the brewing industry to the British economy is apparent when one considers that this year brewers' investment in production and distribution will be about £200m, with a further £200m investment in the retail estate.

In addition, the industry provided in 1977 69,000 jobs for those employed in brewing and malting and a further 239,000 jobs in public houses.

Given the importance of the industry to the UK economy, it is surprisingly difficult to judge the performance of individual companies in the industry because of the absence, in many cases, of a breakdown of profits by activity and very little effort made to adjust profits to take account of inflation.

This difficulty in comparison is aggravated by differences in the asset revaluation dates, variations in methods of valuation and in the accounting policies applied to figures for pre-tax profits.

However, accepting these difficulties, Mr. Mitchell suggested that the weighted average return on capital (excluding Lyons) of the six major brewing companies was 10.8 per cent and commented that this could "hardly be regarded as a satisfactory state of affairs." This relatively poor level of performance largely reflects the problems of the industry.

Brewers' Society figures tend to support this view. According to the Society the industry's average rate of return on capital is only 13 per cent and in some areas is no more than nine per cent. The industry appears always about four points behind industry as a whole.

The latest returns from the major brewers, with the exception of Scottish and Newcastle, suggests some improvement in profits from brewing. Nevertheless, in the longer term the profitability of the industry will depend on the ability of the industry to overcome some of its internal problems and on its ability to deal with the uncertain future of pricing policies.

Paul Taylor

Overseas markets

BEER IS approximately 95 per cent water, which makes it an uneconomic commodity to ship around the globe. Moreover, British beer is still predominantly ale in a world which drinks mainly lager, so it is not easy to penetrate overseas markets with the domestic product.

Despite this, some brewers have managed to develop useful if small export markets. But inevitably the main international push by British brewers has taken the form of the operation of overseas breweries.

Some of these moves date back more than a decade: it was in 1968 that Allied Breweries, for instance, acquired the Dutch brewer Oranjeboom. Other UK groups have over the years acquired brewers in European countries such as Belgium and Germany, and mostly these are trading in a reasonably profitable way. But the returns have never proved really attractive given the large size of the initial outlay, and the one-time hopes that British brewers could rationalise the often very fragmented Continental industries have come to nothing.

By far the most active brewing group overseas in relation to its overall size is Arthur Guinness, which sold more than 2m hectolitres — about 1.25m barrels — of stout in overseas markets in 1977-78. Its search for growth has taken it to many exotic parts of the world—the major centres of overseas production are Nigeria and Malaysia, while Guinness is brewed (sometimes on a contract basis) in countries as far apart as Trinidad, Australia and Cameroon.

Risks

This policy of local production in developing countries involves high risks, however. There was a famous incident in Nigeria when the Government suddenly banned the charging of deposits on bottles, leading to a big setback, while in Ghana production had to be shut down for five months recently because foreign exchange was not available for raw materials.

Other problems include difficulties in repatriating profits, and pressure for increased local shareholding which has led to a cut in the Guinness stake in Guinness (Nigeria), for instance, to only 25½ per cent. There is similar pressure in Malaysia.

More developed markets in Europe and North America have been served by exports. Growth is reported in various countries ranging from Belgium, Germany and Italy to the U.S., but the volume shipped to these markets is not really significant in the context of the Guinness group as a whole.

Another brewing major to be active in direct exports of beer is Whitbread, which has a small but significant share of the Belgian market, and which does overseas business in Mackeson stout. But statistics for the UK industry show that total exports are no more than about 500,000 barrels annually, representing little more than 1 per cent of domestic production.

Imports are more sizeable, at nearer 4 per cent of production, but this figure is swollen by the stout brought in by Guinness from Dublin.

Difficulties

The small volume of U.K. exports to the Continent has made it hard for British brewers to start up local production of the UK-type product in the way that foreign producers like Carlsberg have moved into the UK market.

However, several of the British groups have followed the alternative strategy of simply buying Continental brewers with well-established local products. There has been a multitude of small to medium sized companies to choose from.

As well as Oranjeboom, Allied bought Breda Brewery in Holland. Its Dutch interests now control a fifth of the national market (though trailing a long way behind the leader Heineken). Meanwhile, Bass at about the same time was moving into the much more fragmented Belgian market through the purchase of Lamot. Around the turn of the last decade, too, Watney—later to become part of Grand Metropolitan—acquired Maes in Belgium, and in 1973 Watney bought control of two German companies.

Those were the days of great expansion by the big British brewers, both at home and abroad. The process of concentration of UK beer production into a comparatively small number of hands, and the domination of the market by nationally advertised brands, had continued apace.

In an atmosphere of enthusiasm about Britain's entry to the EEC there was understandable optimism that a similar process could take place on the Continent. Little progress has been made since the early 1970s, however. Profits earned by Continental subsidiaries have often not been enough to cover the interest outgoings on the loans raised to finance the purchases. And markets such

CONTINUED ON NEXT PAGE

Changing demands in beer consumption

PITE THE poor weather summer, 1978 represented turn to more normal beer umption levels with sales by 2.2 per cent (for the ending September, 1978). pared with a decline of 1.7 cent in 1976-77.

e recovery from the 1977 p was welcomed by the ers and continued in the Christmas trading period. without doubt, the poor her and distribution prob- in the first two months is year have badly hit beer

ather is the critical factor er consumption: when the shines (as it did for long ds in that memorable ner of '76) then brewers unable to keep up with nd. But when it is cold wet, beer sales slump— is why modern-day ers pay as much attention he Meteorological Office's asts as to any other busi- factor.

art from trying to fore- he weather and anticipate beer sales, Britain's ers are also very much in business of estimating nds for particular types of —to gauge whether, say, ium bitters and stout will nue to decline, or whether mers will continue to r lagers. Brewers also to decide whether such ss roots" movements as

BREWERS' SOCIETY FORECAST
(Millions of bulk barrels)

	1978	1979	1980	1985
Total packaged beer	9.0	9.1	9.3	10.0
In "returnables"	4.8	4.5	4.2	3.0
In "non-returnables"	4.2	4.6	5.1	7.0
Cans, non-returnable	4.0	4.4	4.8	6.7
Bottles, non-returnable	0.2	0.2	0.3	0.3

the demand for "real" or "fined" beer—which captured much attention during the mid-1970s—represented a significant shift in consumer preferences or, as in fact appears to have happened, they remained only a minority development.

In the past generation, beer drinkers have shifted their drinking habits three times. The 1950s saw a boom in bottled beers; the 1960s the growth of "keg" beers; and the 1970s (apart from the "real ale" movement) have brought rapid growth in demand for lager.

The boom in bottled beers in the late 1950s came about as a result of a gradual increase in women and young people visiting pubs (although the increase was nothing like the numbers from these two groups visiting pubs in the 1970s). Even so, pub drinkers became more discerning and actively sought beers that were consistent in quality.

Traditional draught beer, which needed to be kept in prime condition, was degraded by inherent bacteriological problems as well as some publicans' lack of expertise in handling beer correctly to keep it in top condition.

Bottled beers gave the brewers greater chance to ensure that their brews reached drinkers in the right condition. But the other problems for the brewers from bottled beers—mainly transport and cost factors—meant that brewers concentrated on other methods of ensuring consistency at the retail end. So keg beers began to be promoted, offering the same stable (or sterile according to some critics) qualities that consumers apparently sought.

It also benefited the brewers to support this trend towards keg beers—and later lager—since these beers usually have better profit margins than traditional beers and their stability enables them to be produced in vast quantities (the most economical form of production for beer), and to be sold many miles away from the brewery.

The popularity of keg and lager beers—where the quality is all but guaranteed—has meant a swing of the pendulum back from bottled to draught beers. Total draught beer sales now approach almost 80 per cent of the beer market.

However, the inexorable trend over the past 20 years has been a reduction by half in the choice of brands, although there are still about 1,500 different beers on the market. This concentration has come about as a result of two main factors: rationalisation by beer producers in the early 1970s and the broadening of the range of beer drinkers who favoured greater consistency in their drink.

The 1960s mergers which produced the industry's present structure, dominated by six major brewers, were followed by rationalisation of production. Small, out-of-date and uneconomic breweries were closed to make way for the giant beer-making and packaging plants which have been the feature of brewing in this decade.

The industry also took to heart a hint from the 1966 report of the Prices and Incomes Board which suggested that "production could be made more economic through a reduction in the number of brands." Beers disappeared with the breweries which were closed, or were phased out in some other way.

Mild

The up and coming beers especially lager, have hit sales of mild particularly. In 1959 this type of beer had a massive 40 per cent of the market. By 1969 that share was down to 24 per cent and in 1977 it was just over 12 per cent. This decline was to some extent related to improving living standards because mild beer was, and still is, popular in industrialised areas such as the West Midlands, South Wales, and the North East of England where it was the ideal drink to replace sweat lost in factories and mills.

Although 1978 figures are not yet available, they are unlikely to show any recovery in demand for mild and most industry forecasters expect the consumption of mild to decline faster than any other beer in the 1980s.

Premium bitters and stouts were also likely to have continued to decline last year. At the beginning of the decade these beers probably accounted for almost 18 per cent of sales; by the end of the 1970s their share is expected to have slumped to about 14 per cent. Stout sales have suffered from the continuing switch from dark to light beers, while premium bitters were hit by a switch to ordinary bitters, which to some represented better value, as well as the growth of lager sales. Ordinary bitters have kept their market share of about 31 per cent fairly stable throughout the 1970s.

Although "real ale" enthusiasts would disagree, the real success story of the past decade has been without doubt the meteoric rise in popularity of lager. In 1965 lager accounted for a mere 2.5 per cent of the British market as a whole and 11 per cent in Scotland. Since then sales have expanded at the rate of about 25 per cent compound per year and lager now accounts for about a quarter of the total beer market.

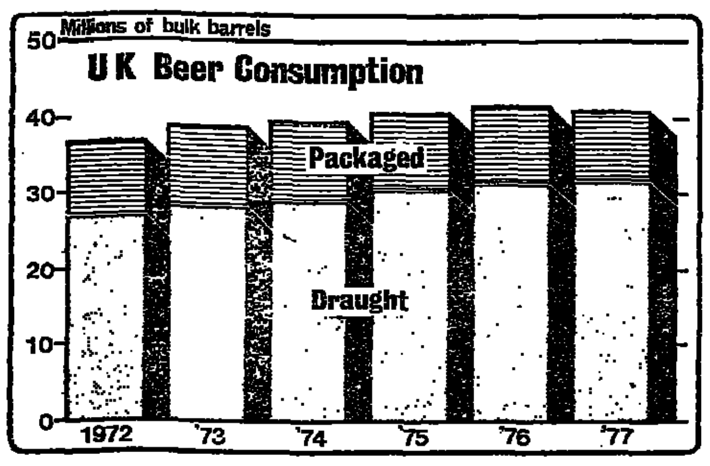
Reasons for this remarkable sales increase are many and varied. They include the impact of holidays abroad in broadening the experience of lager drinking; increasing demand for bright, consistent, cooled beers coupled with better home and pub heating; and the element of sophistication promoted in the advertising of lager. More than a third of all beer advertising is now spent on promoting lagers, although lager accounts for only a quarter of the total market.

Market research has shown that women and young people are especially likely to be lager drinkers: surveys claim that lager's advantages over other beers as seen by consumers are that it is more refreshing, cooler, less bitter, lighter, and is less likely to cause a hangover. A similar phenomenon is apparent in other drinks markets where light, clean, and relatively bland drinks are selling at the expense of darker, heavier ones—such as vodka and white rum in the spirits market and the increasing popularity of white wine.

Lager

The surge in demand for lager in the past decade has largely benefited the bigger brewers at the expense of the smaller, regional ones. Unable to afford the expensive equipment needed to make lager (you can brew English ale in a lager brewery but you cannot brew lager in an ale brewery) these smaller brewers attempted to jump on the bandwagon by producing what they called lager by using different types of hops and yeast by storing the beer a little longer.

However, such efforts have had little success against the lager produced by the big brewers in the approved Continental manner. Bass Charrington is understood to lead the lager market with about 28 per cent of sales, split between its Carling Black Label lager and Tennents. The consortium of Guinness, Courage, and Scottish and Newcastle which owns Harp lager has about 22 per cent of the market. Allied Breweries' Skol comes next with 16 per cent, Whitbread's Heineken has 14 per cent, Carlsberg's lager 12 per cent, and the rest comprise the remaining 8 per cent share.



The key question, however, is the future growth rate for lager and what proportion of the total beer market it will eventually achieve. In 1977 lager sales were disappointing with growth of draught lager limited to about 3 per cent, mainly, according to the brewers, because of the poor weather in 1977 compared to the blazing summer of 1976. Figures for 1978 are not available yet, but they are likely to show some recovery on the 1977 figures.

However, conflicting views remain as to whether the slowdown in lager's rate of growth has begun already, or whether 1977 was a temporary halt to the beer's eventual domination of the market.

If 1977 was only a temporary setback and rapid growth continues for at least the next two to three years, then market forecasts of lager's market penetration reaching more than three-quarters of sales over the next 20 years may not be sheer fantasy.

But most market experts believe that lager's growth will be more conservative, capturing a third of the market by the early 1980s but building only slowly on this to reach a 40-45 per cent market share in the long term.

Most market analysts seem more in agreement about the future of the "real ale" movement, which began in the early 1970s in reaction to the mass-produced beers being marketed by the newly-formed giant brewery groups. The Campaign for Real Ale (CAMRA) achieved considerable publicity and was largely responsible for forcing the brewers to re-think their marketing strategies. However, of the 78 per cent of beer sales classified as draught, only about 14 per cent is accounted for by "real ales." This share is likely to be maintained but it is not expected to expand greatly.

Even so, some of the smaller specialist brewers who produce traditional beers may find themselves sought after as acquisitions by other brewers or companies outside the industry because of the continuing demand for specialist beers by the hard-core of devoted drinkers.

David Churchill

Overseas

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rmany remain highly frag- d and dominated by inde- ntly minded local brewers.

German market, in fact, een going through a very time recently. The cold er of 1978 and high un- yment in areas like the has led to bouts of price g and many German rs were making losses last

But Grand Metropolitan that its own German tion Stern Brauerei Carl has managed to avoid rap.

ntime, Grand Metropoli- has resumed expansion lgium with the purchase ugust for around £2m of mall brewery called eries-Malteries "L'Union" south of the country to rt its most successful n brand Maes Pils.

re is talk from time to that the British groups in- in Belgium might get er to achieve a more able restructuring of their sts but nothing has ever of this.

general philosophy of the majors involved on the ent appears to be to plug patiently in the hope that e time in the future there be much greater oppor- es for expansion. This require changes in the of the markets, and pos- a different political e as well.

nwhile, there is scope for Continental breweries e context of international businesses which now extend far beyond beer. British brewers have, for ce, been expanding into otch whisky industry and always seeking overseas s. The same principle s to products of other ies — Allied Breweries ces Warninks Advocaat in d.

A different approach to international brewing was initiated in 1964 by Allied through the development of its franchise brand, Skol. World wide sales of some 5m barrels a year show that Skol International has had a useful impact, but it is less successful than rivals like Heineken and it is not yet a major profit earner for Allied.

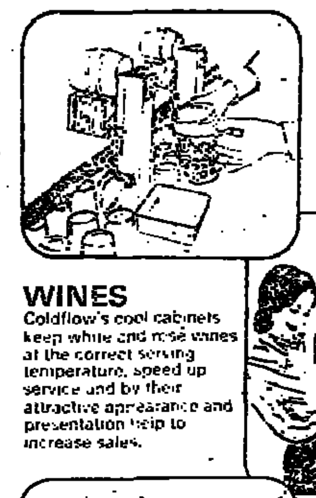
Still, Skol is currently brewed in 14 countries, and is sold in a further 73. Sales in five of those countries total more than 1m.hl (0.6m barrels), these being the UK, Holland, Spain, Zaire and Brazil. Recent developments include the opening of a Nigerian brewery last December, while the construction of a brewery in Mauritius is due to begin this year.

Since 1973 Allied Breweries has owned a 90 per cent shareholding in Skol International. Its minority partners are Unibras of Belgium and Brauerei Schwechat of Austria.

As far as exporting from the UK is concerned, the brewing majors still see scope for development of overseas markets. Bass has recently stepped up its effort in France, for example, with moves to widen the distribution of its Lamot and Bass brands. In January last year Grand Met set up Watney Export which has appointed agents in America and Gibraltar.

But exporting can be tricky. A number of British brewers have found Nigeria to be a fast growing and profitable market in the past few years. Last year, however, disaster struck when the Nigerian Government reacted to an increasingly serious foreign exchange crisis by imposing a sudden total ban on drink imports, causing a nasty setback for companies such as Bass and Whitbread.

Barry Riley



Boom continues in take-home trade

IN THE past few years a revolution in drinking habits has been quietly gathering momentum in Britain, mainly as a result of the emergence of High Street supermarket multiples as a significant force in the drinks industry.

For many years, the take-home sector of the beer market was only a small part of the beer trade, with bottled and then canned beers from pubs and off-licences the cinderella of the industry.

But this position is now changing rapidly. In 1975, take-home beer sales accounted for about 8.5 per cent of the total market; now they represent just over 12 per cent and are growing fast, with a forecast 20 per cent of the market by the early 1980s.

While consumer demand for canned lager undoubtedly has been the main stimulus to the take-home upsurge, it has been the easy accessibility of canned beers in supermarkets that has spearheaded actual sales. Most consumers visit a supermarket at least once a week, if not more, to buy their groceries, so for many it is easier to add some packs of canned beer to a loaded trolley than to go specially to a traditional off-licence for them.

As a result Tesco's sales of beer, for example, have jumped by £9m over the past year to reach about £28m. Mr. Ian MacLaurin, Tesco's managing director, said the chain had only seven licenced stores in 1965. "Since then Tesco has increased its licenced trade sales 660-fold."

Trade sources estimate that brewery-owned off-licences and specialist off-licences have about 30 per cent each of the take-home market, with supermarkets and cash-and-carry accounting for the remaining 40 per cent—although the rapid sales in supermarkets in the important pre-Christmas period last year may have boosted the multiples' share to more than 50 per cent of the market.

Not surprisingly, the brewers have put a great deal of marketing effort behind the boom in take-home sales but Mr. MacLaurin recently warned a conference of Whitbread sales staff that it was important not to adopt uniform marketing policies for the whole of the multiple trade since there were important differences between groups of stores.

However, the brewers' efforts to boost take-home sales have not been strictly in their own interests in the short-term because profit margins on take-home sales are lower than on beer sold through pub outlets. Stockbrokers Buckmaster and Moore have estimated that, assuming current margins in each category of trade are unchanged, the changing pattern of sales by type of outlet could lead to an 8 per cent drop in margins and the forecast 22 per cent increase in sales might translate into only a 12 per cent rise in profits in real terms.

Problem

"Such a gloomy situation should not be taken as a forecast but simply as an indication as to what might happen to profits if the importance of sales through public houses diminishes and the relatively low margin structure on sales elsewhere remains unchanged," the brokers point out. "It is to be hoped, and indeed we would expect, that the industry will take corrective action to prevent the problem becoming too serious."

On a product basis, the boom in take-home sales largely reflects the overall market demand for lager. Lager in small cans has shown most of the growth over the past few years—with at least 25 new brands being launched—and sales of the more traditional beers have been either static or in decline. Lager has about 45 per cent of the take-home market at present and is expected to climb to 60 per cent by the mid-1980s.

The big brewers, not surprisingly, dominate the take-home market since they have better marketing resources and production facilities such as canning lines. The main move among the big brewers in recent years has been Bass' recovery from its under-representation in the take-home market and it now runs neck and neck with Allied as the largest stake in the market.

To help achieve and maintain a prime position, Bass set up a separate organisation — Bass Sales — to tailor Bass to the needs of the take-home trade. This organisation was based on the company's successful Scottish take-home operation which had been in existence since 1963. The new Bass structure comprises six sales regions with a regional sales manager directly responsible to the sales director.

Mr. Stephen Digby, managing director of Bass Sales, says the company now has "a sales philosophy similar to that of any efficient supplier of packaged goods and we have a portfolio developed to meet the main growth areas of the take-home market—with eight leading lager brands alone.

"Bass Charrington already holds a third of the larger market overall. I believe we can equal that in the take-home trade alone."

Whitbread is planning to increase its share by greatly expanding its lager production — centred on the new Magor Brewery in South Wales — as well as revamping its Thresher off-licence chain. At the new Magor brewery there will be at least two canning lines, each capable of producing more than 1,000 cans a minute.

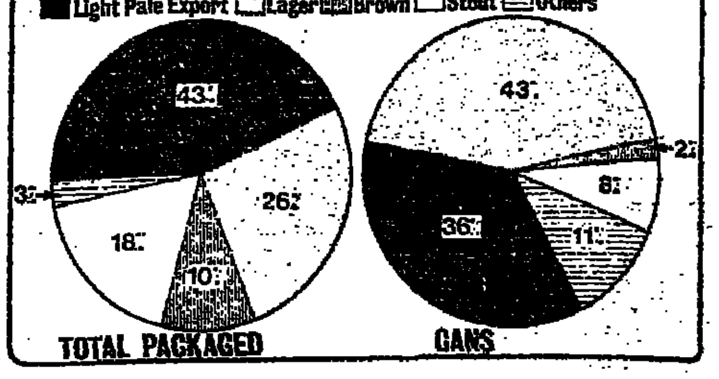
Since there seems to be little or no brand loyalty in the take-home market, market shares are largely a function of availability and price—hence, for example, Bass's need for a national sales organisation to increase its market share. But keen price competition — boosted by the supermarket multiples' determination to secure the maximum possible discount — has kept profit margins low.

Beer is consumed at home mainly from cans, with a small proportion drunk from non-returnable bottles. But while there are still substantial sales of beers in returnable bottles sold over the counter from pubs their popularity has been on the wane for several years. However, the recent introduction of so-called wide-mouth bottles (bottles which have a wide neck to drink or pour from) is proving popular with supermarket shoppers.

There seems little doubt, however, that with the aggressive selling of such multiples as Tesco and J. Sainsbury in the take-home field, sales will continue to grow rapidly. But whether the brewers can make money out of the boom is another matter. In the long run, the consumers' growing desire to drink away from traditional pub outlets may mean that the brewers will be unable to afford not to.

D.C.

Packaged Beer Flavours
Percentage by Volume, 1977



Big rise in alcoholism

"IF . . . emancipated adolescents were to drink more like adults, more liberated women drink more like men, and Britons who have becom good Europeans drink more like Frenchmen, then these are threats which are potentially appalling."

Extract from "Alcohol and Alcoholism," the recent report from the Royal College of Psychiatrists.

* * *

THE REPORT, referred to above, is padded with statistics which bear out the gravity of alcohol abuse in Britain. It also has recommendations which, if implemented, could go some of the way to halt the increase in alcoholism.

Around 500,000 people now have a serious drinking problem in this country, at a cost to industry of around £10m a week, according to Mr. Marcus Grant, director of Alcohol Education Centre.

But while most people acknowledge the gravity of the problem, it is often pointed out that a burden of responsibility should rest more with the brewers than voluntary organisations.

Some brewers, while accepting the social obligation of education and contributing to research (albeit small) comment that they have "no more responsibility for alcoholism than car manufacturers have for car crashes on a motorway."

Education

The greatest concern, according to the Brewers' Society, representing most of Britain's 80 brewers, is to educate people: to plough money into research which until recently, barely scratched the surface of the problem.

Even now, no one knows with any certainty just how many alcoholics there are in Britain. There has never been a large scale, national representative survey of drinking habits and alcohol-related problems. Surveys over the last 30 years have largely been educated estimates, since alcoholics do not step out to be counted—and there is often disagreement on the exact definition of "alcoholic" (defined in the Concise Oxford Dictionary as "person addicted to excessive consumption of alcohol").

Brewers accept that as alcohol consumption increases, so does alcoholism. Annual consumption of absolute alcohol per head of the adult population rose from 5.2 litres in 1950 to 9.7 litres in 1976—an 87 per cent increase. (Compare also a World Health Organisation estimate of 86,000 drinkers "with complications" in England and Wales in 1951 with today's total of 500,000.)

There are other disturbing facts in the report: admissions to mental hospitals for the treatment of alcoholism have risen 25-fold in the past 20 years. The Blennerhassett Committee (1976) put the cost of road traffic accidents due to drinking at £100m a year. In England and Wales there are now some 1,300 hospital admissions a year for alcoholism—at a cost of more than £4m.

In 1975, according to the report, £27m was spent on advertising alcoholic drink, but only £1.5m was spent in the same period on all publicity from the Health Education Council.

Elsewhere, brewers, distillers and wine traders are in the firing line. Despite the brewers' claims that they are beginning to make a concerted effort to tackle the problem of alcohol abuse, donations by all brewers to national and local councils on alcoholism, plus wages of those in the Brewers' Society dealing with the problem, amounted to £130,000.

Before long, however, cash from a compensation fund set up by the Government in 1904 for the brewing trade, will be returned to the industry. It has, over the years, accumulated to £4.4m. Half will be given back to brewers, £1.1m will be set aside for trade charities and £1.1m will go into a specially-created trust fund for research into alcoholism. Details of the plan have yet to be finalised with the Home Office but, once complete, it will provide the brewing industry with its biggest single source of funds for this issue, to date.

Mr. Marcus Grant of the Alcohol Education Centre believes the industry faces a certain amount of double think: "Brewing is a manufacturing trade and the business of any manufacturing trade is to maximise the sales of what it is manufacturing," he says.

"But there is the inescapable fact that the more alcohol sold, the greater the problem of alcoholism — so the trade is caught in an odd situation. Brewers know that the Government is likely to put restrictions on their selling and advertising practices, if brewers don't do so themselves—yet they also know that this is likely to limit sales."

The Brewers' Society has admitted that apart from mounting pressures for them to tackle alcohol abuse, a main reason for creating its Social Problems Committee in 1975 (with seven trade members and a full-time committee member) was the fear that "others would jump in and do something damaging to the social pattern of drinking and to the industry as a whole."

Drinking patterns set early on by parents and friends invariably carry on to adulthood. And more particularly, this influence is seen on jobs. Some occupations have a much higher risk of alcoholism than others, identified mainly by the ratio of people dying of liver cirrhosis, which is a largely alcohol-related disease.

Company directors face the highest occupation risk, with 22 times the average mortality risk through drink; they are followed by publicans and hoteliers, with 7.7 times the average mortality risk. Other groups with at least twice the average possibility of liver cirrhosis mortality include brewers and wine traders, seamen, doctors, lawyers, actors and journalists.

Official policies have in recent years been introduced by certain companies to help alcoholics. Scottish and Newcastle Breweries, for instance, formulated a policy three years ago after discussions with research bodies and the trade unions.

Similar policies have been implemented in other companies including Guinness, British Rail, British Petroleum and ICI.

Scottish and Newcastle claims that the policy has had some success; that it applies to all its 26,000 employees from company directors to shop floor workers. The company will not, however, say how many employees have a drink problem or have been treated.

Last year, Scottish and Newcastle donated £10,000 to the Scottish Council on Alcoholism, £2,500 to the North-East Council and £500 to the National Council.

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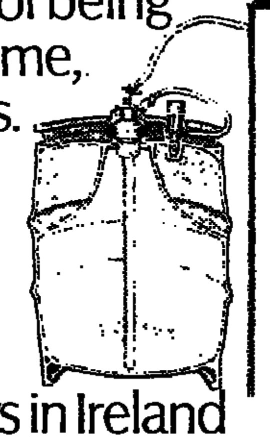
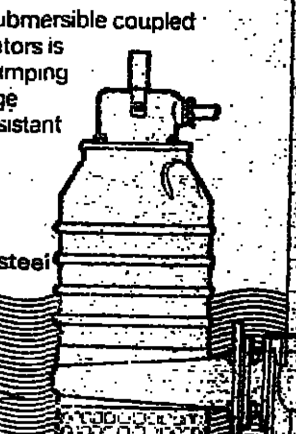




Uncertainties over investment

CHARLES WILLIAMS, ...rman of the Price Commis-... is reported as having ...ried a question (about the ...mission's activities "hamper-... investment projects) by ...ng: "Where is the evidence ... one investment project has ...n put off because of the ...ence of the Price Commis-...?"

...e is undoubtedly right at ...ent — although brewers ...e no secret of the fact that ...olitical intervention in the ...ring industry continues, then ... companies will have the ...dence to invest in future. ...hitbread has already made it ... that the Commission's ...cing of its recent price rise ...ication — granting 1p a pint ...ase instead of the 3p per ... sought — "must inevitably ... that we will have to con-... very carefully whether we ...llow investment projects in ... year's budget to go ahead."

Derrick Holden-Brown, ...man of the Brewers' ...y, also spelt out the ...ers to investment plans ...tly when he pointed out ...companies had to "think ... and hard on investment ...ions — and we do have ...d to the national interest, ... in regard to production ... in the attraction — to ...urists for example—of our ...

... said that industry's return ...pital averaged only 13 per ...and in some cases was no ... than 9 per cent—which ...several percentage points ... industry as a whole and ...not reflect the effects of ...on on brewers' accounts.

... heavy investment by ...rs in the past 15 years ... in part, reflected the ...alisation that went on ... the industry with small ...ries shut down and re-... by much larger units— ... capacity for up to 2.5m ...s per year—in order to ...e maximum economies of ...

...l significant economies can ...chieved from large-scale ...ction. A brewery produc-... barrels a year costs only ...d more than one producing ...barrels a year, for example. ... savings include the fact ...n beer production losses ...lume can be reduced to ...d 1 per cent with the help ...ge brewing vessels. Since ...stoms and Excise usually makes a notional allowance of 6 per cent for losses when calculating duty, an efficient brewery can achieve savings of up to 5 per cent on the duty bill—about £1 per barrel.

In the current financial year, brewers investment and distribution will be in the region of £200m, with a further £200m invested in brewers' public houses. For the future, according to Sir Derrick, investment will have to stay at the same historically high level if the demand for lager is to be met and pub standards are to be improved.

But the brewers also point out that if the current planned investment is held back because of fears over the future financial viability of the industry due to Government intervention, then this would seriously limit the industry's ability to meet the growth in lager demand. Thus, the UK market would be left wide open for imports from the Continent with a considerable adverse effect on the balance of payments. At present, only some 5 per cent of beer is imported.

In addition, there would be a significant reduction in employment in the industry, as well as in the construction sector, if investment plans were curtailed.

Critics

But there remains a feeling in Whitehall that brewers are over-reacting when they claim that investment plans are in jeopardy. And critics point to the 1977 Price Commission report on beer prices which found that costs and prices of large brewers were higher than those of regional and small brewers, but that their percentage profit margins were lower.

"The investment of substantial sums has, therefore, not improved the position of either consumer or large brewer," the report said.

Not surprisingly, the Commission's comments raised a storm of controversy and added to the brewers' feeling that they were being victimised unfairly. Whether the political intervention will lead to a reduction in investment remains to be seen; certainly, some brewers are going ahead with major investment schemes to ensure that they do not miss out from the lager boom.

A greater problem, perhaps, remains the prospect of overcapacity in the industry which has been estimated by stockbrokers Buckmaster and Moore at 60m barrels a year, which is some 50 per cent above production levels.

Mr. Colin Mitchell, from Buckmaster and Moore, says that "capacity will rise further in the next two to three years with the completion of certain major projects, *notably the Courage* brewery at Reading and the Whitbread brewery at Magor together with extensions being undertaken at various breweries, so that it is not unrealistic to suggest that capacity could reach 70m barrels by 1980."

He adds: "Such a level of capacity could prove to be a problem but much will depend on the level of brewery closures which might take place over the next few years combined with the likely growth in the market."

Sir Derrick Holden-Brown, however, rejects fears of substantial over-capacity in the industry: "Individual companies are quite able to gauge the market and be flexible in their planning," he says.

"Also, a prolonged Summer gives a high boost to lager demand which we would certainly wish to meet from UK sources and not from increased imports," he adds.

The process engineering work *on the new Courage* brewery at Reading is being carried out by the Swedish company Alfa-Laval, which is one of the largest food and drink processing equipment manufacturers in Europe. The Courage contract — worth some £5m — is the largest single brewery order received in the UK by Alfa-Laval and was won after three years of intensive negotiations.

Alfa-Laval offers a complete package of equipment covering the processing, transport and storage of liquid food products.

There is also a growing tendency, says Alfa-Laval, for companies to look to one manufacturer to supply all their equipment needs to ensure mutually compatible equipment and get delivery, installation, and service all in the same package.

The equipment being installed at the new Courage brewery will be controlled by three minicomputers supplied and installed by Alfa-Laval. At the new Vaux brewery in Sunderland, for which Alfa-Laval are the process contractor, there will be what is claimed as one of the most advanced control systems in any European brewery, involving a two-computer system with one in operation and one on permanent standby.

The bottling and canning machinery side of the brewing industry is dominated by the *Vickers subsidiary Vickers-Dawson.*

Vickers bought the engineering business of Dawson and Barfos in the early 1970s for around £1m in a deal which put Vickers engineering among the biggest producers of bottle filling, washing, and packaging machines for the brewing, dairy, and soft-drinks industries.

Vickers-Dawson's major seller in the last few years has been its "Silverstream" bottle filling machines which were the first "all-British" fillers introduced onto the UK market since the early 1960s. Vickers has also been successful with its mechanical decrating and recrating machines and has sold over 60 of these machines in the past two years in face of stiff competition.

A newcomer to the UK market is the bottling system from Rockware Kingspeed, the Hull-based packaging systems division of the Rockware group. Rockware's first British sale of this machine — developed in France — is due to be announced next week for a Northern company.

The new machine, which is particularly suitable for wide-necked bottles, is said to be able to reach bottling speeds of 2,000 bottles per minute.

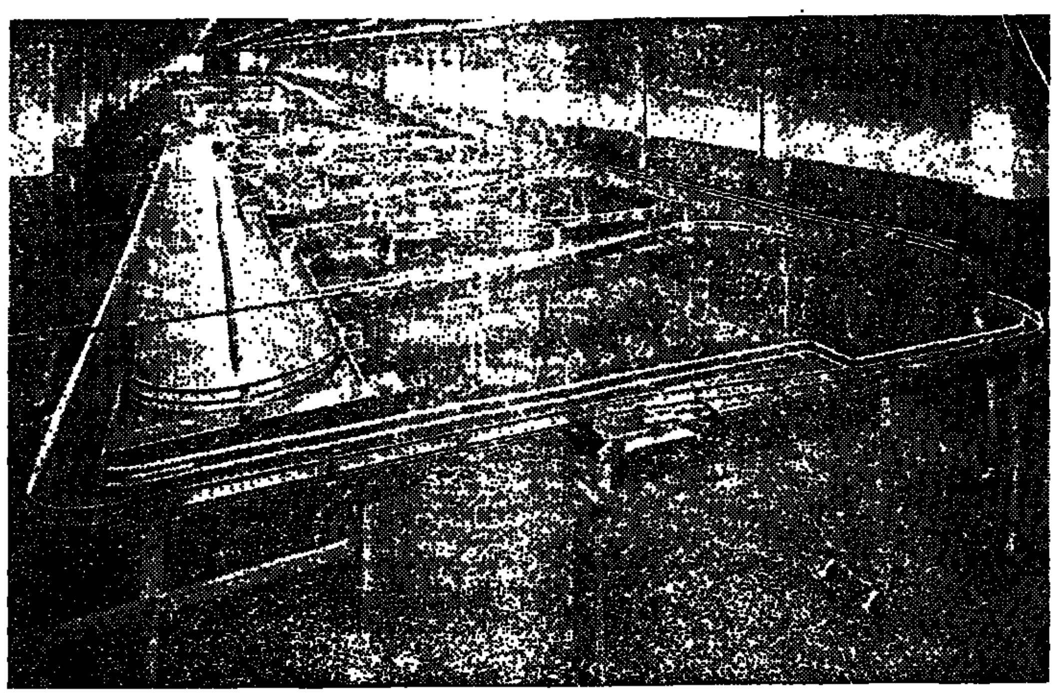
The expanding range of machinery and equipment available to the brewing industry will be featured next year at BREWEX '80 — the International Brewing, Bottling and Allied Trades Exhibition at the National Exhibition Centre, near Birmingham.

BREWEX '80 (from March 17-21) will mark the centenary show of BREWEX and its venue moves to the NEC from London's Earls Court.

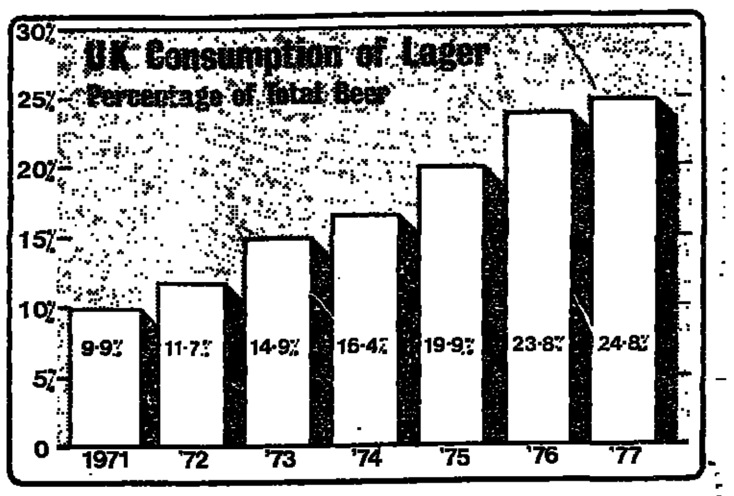
The scope of the show, organised by International and Trade Fairs, will cover all that is new in plant and equipment —from basic ingredients to brewing, bottling and packaging processes to distribution.

Meanwhile, support for the brewers' determination to continue with investment plans despite the uncertainties caused by political intervention came earlier this month from National Economic Development Office. Its brewing sector working group published a report on investment and efficiency in the industry and concluded: "There are naturally uncertainties, but the scale of present investment plans look about right if the brewing industry is to continue to supply the vast bulk of the domestic market and possibly to displace some imports or provide additional exports."

D.C.



This conveyor loop for a 1,000-a-minute bottle line was built by MetaMatic at its Worcester factory for Heineken in Holland. MetaMatic is the package handling division of Metal Box Ltd., probably the biggest manufacturer of beer and beverage cans in Europe



Alcoholism

CONTINUED FROM PREVIOUS PAGE

"There is a limit to what brewing companies can do," a spokesman said. "If we beat the drum too hard we are accused of being hypocritical."

One area of concern to brewers is the possible increase in taxation on alcohol.

Mr. Derek Rutherford, director of the National Council on Alcoholism, said that higher alcohol prices through tougher taxation would beat alcoholism. In real terms, he said, beer prices had fallen by 4 per cent between 1970 and 1976, wine by 14 per cent and spirits by 21 per cent.

But since 1974, the producers replied, duty on alcohol has risen by between 75 and 333 per cent.

The Royal College of Psychiatrists report recommended that alcohol consumption might be reduced to an agreed level over the next ten years—either through taxation or by restrictions on advertising.

It proposed that public education policies should be established by the Government and suggested an upper limit for drinkers of no more than four pints of beer, or four doubles of spirits or one bottle of wine a day.

Evidence

According to an article published in a Wine and Spirit Association book: "There is international evidence to suggest that, within certain limits, the pricing policy of a country with regard to alcohol can affect quite directly the proportion of people in that country who suffer from severe forms of alcohol - related disabilities."

Most people would recognise, it says, that if whisky cost 50p a bottle they would be likely to drink more of it than if it cost £50 a bottle. Wine traders and brewers claim, however, that a person dependent on alcohol will find ways of obtaining alcohol, regardless of price.

But by increasing the price of alcohol, drinkers who are not so dependent will be more aware of the amount they consume.

A price increase would be relevant not just to public health but to the needs of the Exchequer. In 1977, the Government collected £1.2bn in tax on beer.

Colleen Toomey

LOMBARD

Do we have an energy policy?

BY DAVID FISHLOCK

ENERGY PAPER NO. 33, recently released by the Government, is an inter-departmental document on the conservation of energy.* Environment, Transport and other departments — 18 all told — have collaborated with the Department of Energy to produce a progress report on national policy. It won't please the few who want to create a low-energy society in Britain. But as one of our energy research chiefs has been pointing out recently, Britain made itself great by understanding how to use, not to save, energy. The document makes it plain that its authors are well aware of the fact.

Surprising

Energy Paper No. 33 includes one surprising statement, however. The Government, it says on page 2, has a long-term energy policy: "Conservation is one of three main components —the others being coal and nuclear power — of the Government's energy policy in the long term." No hedging there.

The odd thing is that no minister has ever publicly heralded the birth of this policy. A year ago the Department of Energy produced a Green Paper—discussion document—on energy policy. This was laid before the Energy Commission, brainchild of Mr. Anthony Wedgwood Benn, Secretary for Energy, born of his call for more democratic decisions in energy policy-making. Next month a revised version of the Green Paper will be laid before this body, expressing for one thing fears that the miners will fail to deliver the share of energy supplies entrusted to them last time. Five years after the Energy Department was set up there is still no sign of a White Paper on energy policy.

The position appears to be that the Government as a whole is proceeding on the assumption that Britain already has a long-term energy policy: one that will ensure at least a large degree of national self-sufficiency once offshore resources begin to dry up. When this might be is itself a matter of some uncertainty. Lord Kearton, chairman of the British National Oil Corporation, the state-owned offshore oil group, plays Cassandra with warnings that life is becoming immeasurably harder and more expensive for the oilmen, and that we could well have discovered our last big field.

Sir Denis Rooke, chairman of British Gas, counters this pessimism with the view that it would be "virtually inconceivable if further major gas discoveries were not to materialise in the next decade or so."

But government would be as foolhardy to found policy on the expectations of further windfalls in offshore resources as it would be to put its faith in future scientific "breakthroughs," say in fusion or solar power. Publicly the Government's position will become clearer after Easter when the skirmish over the exploitation of coal in the Vale of Belvoir begins.

Opponents of Belvoir will try such arguments as "why here?" —there are known to be rich hoards of coal in other parts of the country, from the seabed off the north-west coast to the Vale of Oxfordshire. Another will be that we can do with less energy although the policy-makers will be well content with a 20 per cent saving (equivalent to 60m tonnes of oil a year) compared with what the nation might have been using had conservation not been another strong limb of their policy.

A third argument will be that we could leave Belvoir's landscape unsullied by making greater use of nuclear power, free from the pollution and death toll associated with coal.

Standards

The net effect of all this will be to throw the spotlight on coal as an industrial activity rather than as an influential employer. For the first time the industry will be called upon to justify itself by the same standards of health and safety at work as the nuclear industry or, for that matter, North Sea operators.

For the nuclear industry, patience and a low profile may be the wisest policy to follow, frustrating though this may be to its efforts to recruit engineers to pursue the new projects — over £2bn of capital expenditure—approved by the Government over the past year. It can be sure that the public will soon want to know from Ministers whether energy policy really is rooted firmly on three legs—or teetering on two.

* Energy Paper No. 33. Energy conservation: scope for new measures and long-term strategy. HMSO £2.

Silver-leafed virtues

GARDENS TODAY

BY ROBIN LANE FOX

WHICH PLANTS have resented this winter and early spring most strongly? I am tempted to say the crocus and leave it at that. My clumps have been lured belatedly into flower by the last bout of warm spring weather, that delusive patch when we felt that it would be all right, that there would be another summer after all and that the odds are still heavily against the professors who predicted a new Ice Age on the eve of that frightful drought. But since that one showing, the crocuses have been pursed up like tight pencils. I had doubted their numbers this year and now have to watch their flowers staying furled up in the absence of any sun. Late and cramped, they are having a bad time of it.

Not, I fear, such a bad time as the various silver leafed plants. These have taken the roughest punishment in the past two winters. The wet and the spring frosts last year shook my opinions of their hardiness. I see some shocking signs of loss this year among the best of them. It is too soon to be sure, but even such trusted silver plants as *Senecio Greyi* are looking wretched in many gardens. Trimming and cutting back in April will restore this one, I believe, to shape. The main stems seem safe. But lesser companions look quite dead. I am thinking about replacements and would like to steer you to the same sad tack. Nurseries, of course, are not much better off. For convenience, I will preface my suggestions with the name of the specialist Ramparts Nursery, Colchester, Essex. Sooner or later, they ought to have stock again of anything I mention. But you may have to wait until autumn.

The silver leafed plants' virtues are familiar here by now. I will only add that they are excellent buys for a new garden as they grow quite freely and show up well from an early age. The past 20 years have encouraged British gardeners to look far and wide in this class and see silver virtues in the least likely sort of thistle. We use this silver-leaf background more widely and imaginatively than all but a few European gardens. There, they are still stuck at the stage of annual cinerarias and santolinas. Artistic use of silver-leafed perennials for contrast in a border goes back in Britain to the late 19th century. It will be a shame if our winters now knock holes in the stocks which we have all built up.

Only a store of autumn cuttings has rescued one of my best silver discoveries, the splendid *H lichrysum Fontainesii* which sprang into prominence some 15 years ago. This is an unmistakably silver shrub. It has thin wiry leaves and does not smell nastily if you rub it. The flowers on their 18-inch long stems were not offensive but easily removed. About three feet high and wide, it was as good as any foliage plant in a dryish place in a moderate winter. If you chance on it, buy it now and coax it on with a few cuttings up your sleeve for a crisis. For safety, I would now replace it with the smaller *helichrysum* sold correctly as *plicatum Elstead* variety. I am not alone in finding that this variety lasts in a cold wet winter more reliably. It is not quite so big, a useful point as you can group it more easily in the front of a border. Among the silver shrubs for replacement, it is first class.

The *artemisias*, family of absinthe and wormwood, are the family which we have all tried out recently. The silver-fanciers have brought them into favour. The fashion has been a good one, though there have been disappointments with the much-praised *Arborescens*, described as the prettiest but not the hardiest. Unless you can take yearly cuttings or live in a Mediterranean villa, I should ignore this one. Its bare stems blackened and stripped of leaves, are a sorry sight now. The splendid Lambrook Silver form is just as handsome if you cut off its sprawling flower-stems in June and July. I have never lost a plant of this excellent variety and still place it top of the list, not least as a quick plant for a new border. I could picture a newly-planted bed this summer which combined the swift-flowering tall blue Anchusa, fennel, blue Caryopteris from cuttings rooted this spring, pink Nerine and good clumps of this silver Artemisia.

If you can remember a variety called Nutans, you can be fairly confident of keeping a good silver Artimisia alive on the heavy clay soils which other silver plants hate. It is another fine plant, not a rampant nuisance like some of the taller ones. You should plant it quite thickly in the front row as its style is a low silver fuzz of leaves, an excellent foil, incidentally, for regale lilies through and among it. In a London garden, friends swear by it as the safest truly silver plant.

More unusually, shows and stock from Ramparts Nursery have endeared me to a small grey-white form of the unappealing Tansy. Proper tansy is one of those herbs which only the blindly-devoted herbalist would ever take seriously in a garden. It is said to stimulate cats, cure gall-stones, short sight and hearish panic in the usual ancient books of wives' tales. Its green leaves and yellow flowers are tedious. But one on sale as *Tanacetum Densum Amanum*, no less, is a splendid carpeting plant whose feathery leaves spread at a pleasant speed and seem to be up to the worst that a winter can do. It is all of three inches high, a carpeting plant which I have matched rather happily with a bush of the admirable Thyme Silver Queen. Quite a few thymes are looking sad with me this spring, but Silver Queen which troubles some gardeners is quite unperturbed. If you do not know it, you must have it. A few bushes, about 6 ins high, can be grouped to light up any edging. The harmony of its mauve flowers and cream and green leaf is quite charming.

For the moment, that ought to be enough. As you know, I value these silvery plants very highly. Their poor condition yet again this spring is something which needs attention. Stand by to cut back in April, order new stock now and take cuttings from friends as soon as spring returns. Except for Lambrook Silver, these and other grey plants have one sure virtue in common. Any beginner can multiply them from cuttings off his original stock. The shrewd gardener keeps a few under cover against another bad winter. The rest of us have to buy them or borrow them, knowing, however, that one plant will go a very long way.

This year's crocuses: having a bad time of it

If the sponsor's cap fits . . .

RACING

BY DOMINIC WIGAN

WITH JUMP jockeys having suffered one of the leanest seasons ever for their profession and an enormous gulf still existing between the earnings of the handful of top-flight riders on the flat and the vast majority of their colleagues in both fields, time has surely come for an advertising go-ahead to be given for the jockeys.

Although many racegoers will not relish this prospect of this further commercialisation of a sport which has been—and still is—getting more and more reliant on sponsorship in one form or another, there is no getting away from the fact that something should be done quickly to make a career in the saddle more attractive. For there is little doubt that trainers throughout the length and breadth of the country are already finding recruitment of stable personnel a problem. They will find the situation becoming increasingly difficult as parents and school careers officers point to the statistics and the fact that for every lad or lass given the opportunity of becoming a jockey, there are hundreds who will never get a chance in public.

If one then considers that only a handful of jump jockeys are earning over £8,000 a year for their endeavours on and off the race course in all weather while many of their "rich relations" in flat racing are merely "getting by" it is easy to understand why their body—the Jockeys' Association—is calling for advertising.

In a recent newsletter the Jockeys' Association had this to say on the subject: "The Jockeys' Association considers that jockeys should be looked upon in the same way as other sportsmen, many of whom wear advertisements when participating in their sport, eg, golfers, tennis players, professional footballers, motor-racing drivers, etc. Like so many sportsmen the career of a jockey falls far short of an entire working life and in National Hunt racing earning capacity is often prematurely curtailed by an injury. Any worthwhile attempt to maximise revenue during the height of his career is, therefore, of considerable importance to a jockey."

The Jockeys' Association does, however, feel that some control should be exercised over advertising and regulations suggested by them include advertising to be restricted to the brow of the skull-cap (a jockey's personal property). Bookmaking companies and any product likely to be offensive or distasteful to the public should be excluded from such advertising (Exclusion of bookmakers is being proposed to avoid any suggestion that they might be financing the activities of any jockeys.)

KEMPTON
2.00—Major Knight***
2.30—Double Mirage
3.00—Well Oiled
3.30—Mauritius
4.00—Venges Brake**
4.30—Boltingo*

TV/Radio

† Indicates programmes in black and white.

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (As BBC-2 11.00 am). 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 Out of Bounds. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Noel Edmonds' Lucky Numbers.
7.35 Morecambe and Wise at the BBC.
8.10 An Englishman's Castle.
9.00 News.
9.25 Sportsnight.
10.15 Dr Rhudie Speaks Out.
10.55 A Tribute to a Boxer. The Joe Erskine Gala Concert.
11.40 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 9.25-10.15 Sportscene. 11.40 News and Weather for Scotland.

Wales—2.18-2.38 pm I Ysgolion. 5.05-5.35 Bilidowcar. 5.55-6.20 Wales Today. 6.45-7.05 Heddiw. 7.05-7.35 Florida. 11.40 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 pm News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
10.45 Parosi.
11.00 Play School.
4.50 pm Open University.
6.55 Family History.
7.20 Mid-evening News.
7.30 The Long Search.
8.20 The Money Programme.
9.00 M*A*S*H.
9.25 The Serpent Son.
10.40 My Kind of Movie: Kenny Everett on "It's a Wonderful Life."
10.45 Miss Mercer in Mayfair: Musical story-telling by Michel Mercer.
11.25 Late News.
11.40 Closedown reading.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.30 Treasures in Store. 3.50 Letter by Letter. 4.20 How. 4.45 Park Ranger. 5.15 Makin' It.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Dirty Money.
10.00 News.
10.30 Midweek Sports Special.
11.40 Guinness Golden Darts.
12.10 am What The Papers Say.
12.25 am Close: Leo Aylen reads one of his own poems.

All IBA Regions as London except at the following times:—

ANGLIA
1.25 pm Anglia News. 2.00 Houseparty. 2.25 Family. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.40 The Company Men. 12.40 am The Big Question.

ATV
1.20 pm ATV Newsdesk. 5.15 The Rolf Harris Show. 6.00 ATV Today. 11.40 Twist in the Tale.

BORDER
1.20 pm Border News. 2.00 Houseparty. 2.25 The Family. 5.15 The Rolf Harris Show. 6.00 Lookaround Wednesday. 11.40 The Practice. 12.10 am Border News Summary.

CHANNEL
1.18 pm Channel Lunchtime News and What's On Where. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Channel News. 6.15 Funky Phantom. 10.28 Channel Late News. 11.40 Barnaby Jones. 12.35 News and Weather in French, followed by Epilogue.

GRAMPIAN
9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.30 Scotsport Special. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA
1.20 pm Dodo. 2.00 Live From 2. 5.10 Max the 2,000-year-old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Give Us A Clue. 11.40 What the Papers Say. 12.00 am The Practice.

HTV
1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.40 Home to the Coward.
HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 'Rydw Am Fod. 6.00-6.15 Y Dydd.
HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH
1.25 pm News and Road and Weather. 5.15 Felix The Cat. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 10.30 Late Call. 10.35 Feature Film: "Savages." 11.55 Love American Style.

SOUTHERN
1.20 pm Southern News. 2.00 Houseparty. 2.25 Young Ramsay. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East Area only). 11.40 Southern News Extra. 11.50 The Electric Theatre Show.

TYNE TEES
9.25 am The Good Word, followed by North-East News Headlines. 1.20 pm North-East News and Lookaround and Where the Jobs Are. 5.15 Laverne and Shirley. 6.00 Northern Life. 11.40 Police Surgeon. 12.10 am Epilogue.

ULSTER
1.20 pm Lunchtime. 2.25 The Electric Theatre Show. 2.55 Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 11.40 Bedtime.

WESTWARD
12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 11.40 Barnaby Jones. 12.35 am Faith For Life. 12.40 West Country Weather and Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 Electric Theatre Show.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
† Medium Wave

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

BBC Radio London

[illegible]

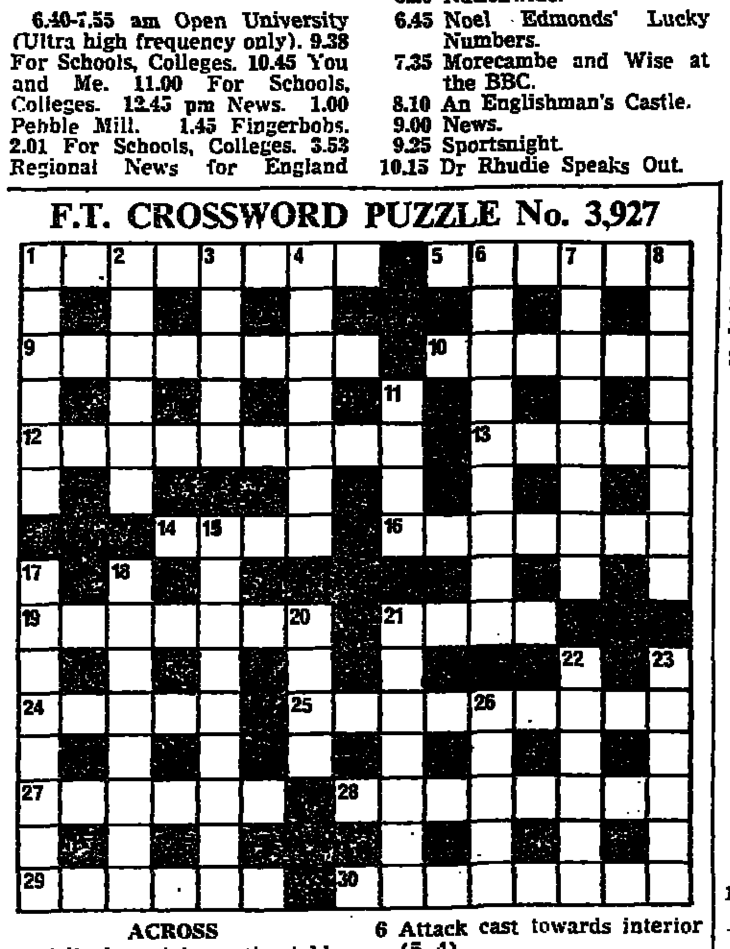
London Broadcasting

[illegible]

Capital Radio

[illegible]

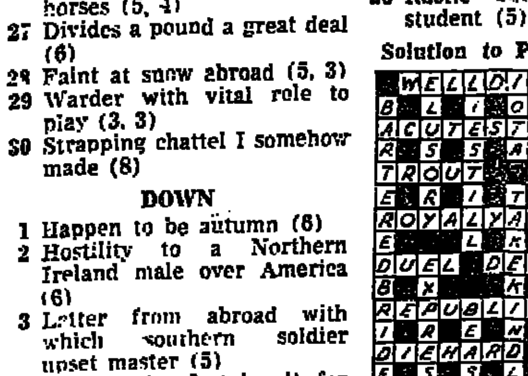
F.T. CROSSWORD PUZZLE No. 3,927



ACROSS
1 Nail playwright to timetable (8)
5 Brave father getting back pain (6)
9 Passable diversion can be justifiably attacked (4, 4)
10 Way to common conflict (6)
12 Full of praise for archbishop joining a politician (9)
13 Chopper taking hothead to jug (5)
14 Airman about to acquire a piece of land (4)
16 Thing to arrange later today (7)
19 Futile exhortation during water shortage (7)
21 Just the bird to float (4)
24 Relax with the French ram (3, 2)
25 Watch bench follow the horses (5, 4)
27 Divides a pound a great deal (6)
28 Faint at snow abroad (5, 3)
29 Warder with vital role to play (3, 3)
30 Strapping chattel I somehow made (8)

DOWN
1 Happen to be autumn (6)
2 Hostility to a Northern Ireland male over America (6)
3 Letter from abroad with which southern soldier upset master (5)
4 Opening (at first hand) for one getting into habit (7)
6 Attack cast towards interior (5, 4)
7 Talks during church at-home to jokers (4-4)
8 Curse coming out of oriental packing case (8)
11 Plaything 'e turns up to land in river (4)
15 Queen needled on Thames embankment (9)
17 Make use of seniority to influence row (4, 4)
18 Soldiers correspond in the mind (8)
20 Scarf framed in the window (4)
21 Successful move allowed two lines (7)
22 Finish off skyscraper only to pull a face (3, 3)
23 To cite me wrongly could make me sick (6)
26 Rustic burden placed on student (5)

Solution to Puzzle No. 3,926



THE ARTS

New York theatre

Broadway for the British

by FRANK LIPSIUS

Elephant Man, Bernard -ance's play about a Victorian freak, is having the same s on the New York stage subject had in London - in the 1880s. At a recent y evening performance in llar of a New York church the play started its t run (it moves to Broadway later this month), the included the mayor of York, Joel Grey and a host alf - recognisable faces. ally performed in 1977 at Hampstead Theatre in n, the play owes its not only to the high rd of acting and the play Americans have latched t as an illustration of the that the road to hell is with good intentions. Victorians' attempt to the Elephant Man a of themselves ended up dising his differences and ing his distress. Without the point, the play tly criticises the liberal ition that dressing a man e rest of us will make e of us.

director, Jack Hofsis, no attempt to give the nt Man, played by Philip a mask to approximate liness of his model. But shapen body, excruciproduced, and slightly deliberate speech do he impression of the er's affliction without ng him of the innate by such a figure would vere he not so ugly.

rst appears at a carnival on, roughly led around chibited by a robust, ising Cockney, played by obson. When Dr. Treves Conway) of the London l wants to examine the creature, he has to pay ib. By the end of the a long series of scenes the Cockney's abandon- f the Elephant Man, the doctor's adoption of him most important, the netic companionship pro- the actress, Mrs. Kendal Shelley). Once she over- her aversion to his ty, she decides to use fluence to have the nt Man, now called by er name, John Merrick, ced into the best London

second act, Mrs. Kendal y disrobes for Merrick in e to his plea that his be treated the same as men's. Treves discovers hus compromised; the sly enlightened and netic doctor turns Victorian sexual repressor. Mrs. leaves, never to return. is made to feel guilty natural instincts without nderstanding his offence. the play could easily n as just another com- on Victorian blindness al urges, it has instead flated to a justification oeral attitudes against ng reprobate or non- ing members of society. aywright shows appro- restraint in picking ive but very personal for the play's develop- His theme is the human nat beats beneath even iest human being. The owever, has been taken folly in trying to mini-

mise human differences, a point well taken, but one in this context that ultimately argues for our more antiseptic cruelty of isolating non-conformists of whatever sort in institutions, out of harm's way.

Though an American, Bernard Pomerance lives and works in London. He shares with Quentin Crisp, Bernard Shaw and William Douglas Home appreciative trans - Atlantic audiences this season in New York. Quentin Crisp's one-man show enjoyed a run several times extended in a small off-Broadway house well suited to his personable style and performance. If in attractiveness the elegant and amusing Mr. Crisp is the opposite of the Elephant Man, he does share the capacity to provide morals for Americans to digest on their way home from the theatre.

Crisp starts his show with a disquisition on the difference between the laudable notion of style and the deplorable one of fashion. Crisp encourages individuality by precept and example. Thundering applause greeted his remark, "Never try to keep up with the Joneses. Bring them down to your level. It's cheaper." After autographing copies of his books in the interval, Crisp entertains questions that measure his audience—or at least outspoken members of it. Among others, he answered questions on his belief in God ("not. One susceptible to prayer"), his zodiac birth sign and the possibility of pursuing a successful life style in obscurity ("people are to a stylist what water is to a swimmer"). With tidbits about his life, his flat in Chelsea, his distress at the gargantuan servings in American restaurants and other oddities he noted or was never embarrassed to reveal, Quentin Crisp may singlehandedly turn Greenwich Village back into the

haven of non-conformity that he so eloquently espouses.

The Circle-in-the-Square production of *Man and Superman* includes the usually omitted but thoroughly entertaining and germaine act, "Don Juan in Hell." Philip Bosco as the brigand Mendoza who becomes the Devil in Hell brings the passage great histrionic spirit and the flavour of po-faced bemused seriousness, which suits it perfectly. The one weakness in the production is the age of George Grizzard, a fine actor too old for the part of John Tanner, who is supposed to be a shockingly radical, and inappropriately young guardian for Ann Whitefield. Grizzard is too close to the age of reason to present the threat to Ann's moral tutelage that he should. Ann Sachs as Ann Whitefield exaggerates her wily feminity in a way that points up the cleverness of the lines, but because Grizzard is not the hot-blooded young radical, he seems too seasoned to be able to fall for her. Otherwise director Stephen Porter excels in breathing life into Shaw's old saws, taking care to keep the production moving at breakneck speed without skipping a beat—or a laugh.

The spate of trans-Atlantic moralising is counterbalanced by the fluff of William Douglas Home's *The Kingfisher*, starring Rex Harrison, Claudette Colbert and George Rose. An old flame is rekindled when a successful writer invites his only love of some 20 years' standing to call in for tea on the way from her husband's funeral. Lindsay Anderson directs the garden-set play in laconic, drawing-room comedy style, while Rex Harrison seems more sure of himself than his lines. It is all rather comfy and overlong, a vehicle for three venerable stage presences to wink at each other and the audience, making one think the party really begins when the curtain comes down.

Quentin Crisp

Royal Festival Hall

Ashkenazy

by DOMINIC GILL

s good to be reminded Bartok second piano con- ider Solti last week that zy can still mix disci- ith temperament, com- ectric energy and spon- with marvellous clarity trol—for his solo recital day was in those very , and in others too, a intment.

ve his programme with but without conviction playing of one who is not ly, but musically, tired. e to explain the lack of o his Schumann *Davidsbündler*? — a performance d always with the fami- d admirable brilliance, naining obstinately, at rucial moment, on the of the notes. There any lovely things, never to the piece: the *intimo*

sentimento of no. 2 and the careful simplicity of no. 4; the spiky *Lebhaft* of no. 9, splendidly fleet and emphatic. But here as elsewhere it seemed finally that finger facility was all: everywhere the heart of the gesture was avoided, and only a coy gloss substituted to satisfy the gallery.

The account of Beethoven's G major sonata op.31 no.1 with which he began the evening was all sweetness and light, detached in touch and manner. Every bar was polished bright, the first movement's allegro particularly, taken at a pearly *vivace assai*, exquisitely articulated, cool and clean. But there is more to Beethoven's op.31 no.1 than this: and in the adagio, *grazioso* as it may be, a firmer, darker, more adventurous and mysterious spirit. The effect was undeniably

beautiful—but also bland.

In Ashkenazy's all-Chopin second half, real confrontation was once more studiously avoided: a topsy-turvy account of the *F minor Fantasy* mixed bluntness with heavy rubato affectation, but never where the use might have been telling — such reverent, syrupy treatment of the *lento sostenuto* made it sound like nothing so much as a Victorian hymn played on a wound-down gramophone. His A flat Ballade was likewise brimming with delicate filmmery: there was fire enough at the climax, but it was sham fire, of coal-effect flames, without robustness or heat. And an F sharp minor Nocturne also, tepid and hesitant: was this the same pianist indeed who had conjured such vibrant and vivid night-music in Bartok's concerto only a few days before?

Wigmore Hall

Nash Ensemble

by DAVID MURRAY

unday evening we had a Nash Ensemble pro- : the evergreen Beet- Septet Op. 20, an un- r and very taking Trio eber—flute, cello and and a new chamber by Robin Holloway. there were more pass- s in the Beethoven than d, it was all delivered e panache. The virtuoso of Antony Pay's clarinet ohn Pigneguy's ringing nce with the horn part d that the performance ed well above routine and Marcia Crayford something impressive of violin cadenza in the

these classical high spirits reassuring after Hol-

loway's new Serenade in C for octet (three winds, five strings). The innocent title barely hints at the exceedingly rum character of the piece, to which the heading of one of its five little movements—"menuetto alla tarantella" — gives a further clue. The elements of the music are ultra-banal tags from the faceless divertimenti of times past: standard cadences, interchangeable tune-fragments, routine base-lines. They are not guyed or parodied, but only connected up in new and whimsical ways, so as constantly to contradict the Pavlovian expectations that the tags arouse. As Holloway writes, "Being essentially anonymous, this material can be manipulated with extreme

detachment."

And so it is; it makes an extended super-cool joke, quite gratuitous, and Holloway's invention is just about equal to sustaining interest after one has ceased to be surprised by the surprises. The expressive profile of the piece remains low, seemingly exhausted in the game of sending old lags off in fresh directions. Holloway's *Souvenirs de Schumann*, a few years back, played a notdissimilar game with more communicative relish. But the Serenade may have made a healthy exercise for him: for quite some time he has basked in the climate of Alban Berg, and juggling with these smooth, flat pieces of small change must be a kind of calisthenics.

Television

Boffins on the box

by CHRIS DUNKLEY

Though television's functions range from news medium to university tutorial, the ratings have been proving for years that more viewers look to television for lightweight entertainment such as comedies, soap operas, old movies, quizzes and sport to amuse them at the end of the day than for any other type of programme. And if you were to ask the minority of more demanding viewers what they considered to be the more noteworthy of television's contributions to "serious" matters I imagine there would be frequent mentions of plays, music, general current affairs programmes, arts programmes of the *Arena* sort, opera, ballet and so on.

Science programmes, I suspect, would come a very long way down the list if they were mentioned at all. And in 1979, precisely 20 years after C. P. Snow delivered his Rede Lecture, "The Two Cultures And The Scientific Revolution," that is both deplorable and saddening, especially since television itself is our most technologically advanced mass medium.

Probably one of the reasons is self-perpetuating, involving as it does the people who organise television companies and make television programmes: without ever having seen statistics to prove it I have no doubt that the overwhelming majority of them are arts graduates or products of those worlds of the arts upon which television mostly feeds—theatre, music, publishing, and so on.

The result is a relatively low level of interest in science and technology which, since it starts at the very highest levels of broadcasting, has a profound effect throughout the whole business. The frequency, expertise, and span of arts programmes contrasts vividly with the infrequent and so often unsuccessful or even disastrous forays into science.

Of course there are exceptions. Thanks to the beautiful and dramatic wildlife pictures available, some aspects of biology became significant areas of film-making even before television was invented, and they have continued to form a comparatively well developed area ever since. The BBC's natural history unit in Bristol (responsible for the current magnificent *Life On Earth* series), Anglia TV's *Survival* (when they can resist the trappings of showbiz) and independent bodies such as Oxford Scientific Films, between them keep a steady supply of high-grade wildlife programmes rolling on to our screens.

In addition there are certain science subjects which seem to have reached or stayed on the screen as much or more because they are the pet subject of some audience-pulling TV "personality" as for any particular enthusiasm for the subject on the part of broadcasting organisations. Such personalities tend to look, sound and/or act like the stereotypical mad scientist, the classic examples being Patrick Moore who is TV astronomy and has presented *The Sky At Night* since 1957; James Burke, whose most recent venture was the frenetic, entertaining, but ultimately confusing series *Connections*; Magnus Pyke, whose antics took *Don't Ask Me* into the Top 20; and the intensely enthusiastic David Bellamy who, single-handed, has done for televised botany what Sir Mortimer Wheeler once did for televised archaeology.

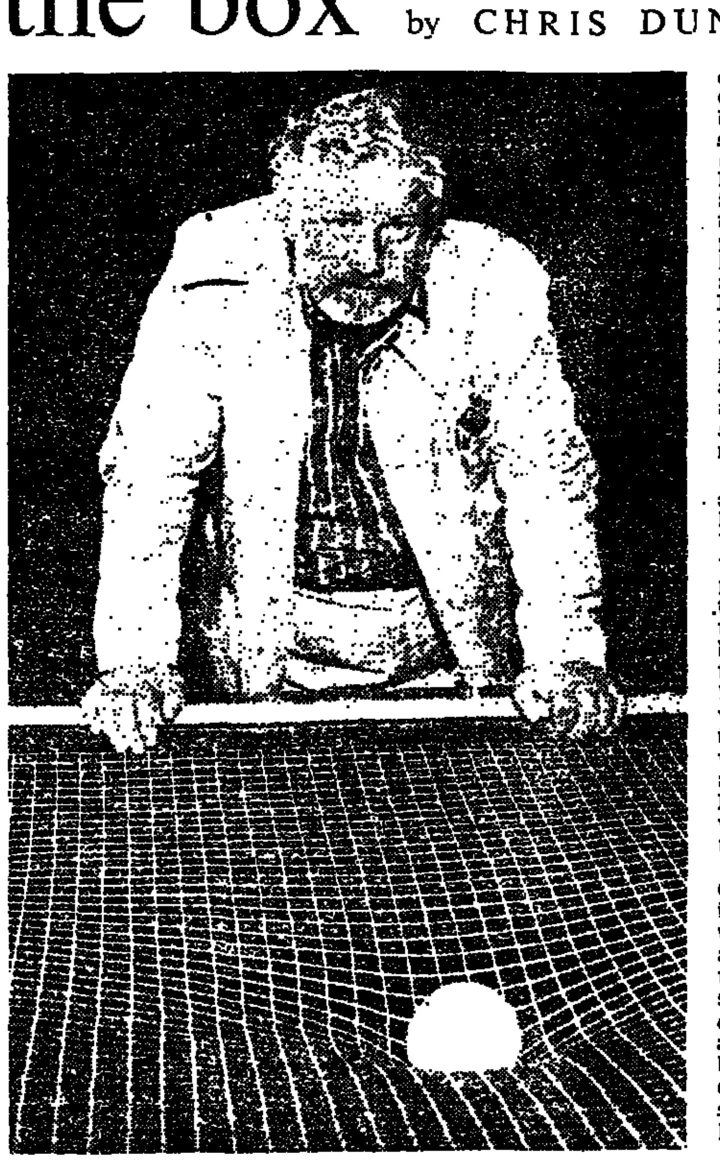
Even added together, however, the work of these entertaining enthusiasts comes to only a fraction of what is devoted to the arts. They are indeed the exceptions and they leave a distressingly—in fact impossibly—vast area to be dealt with by *Tomorrow's World* (which, because of its scheduling, has to appeal to young schoolchildren), current affairs series such as *TV Eye* or *The Risk Business* which makes occasional sorties into science, and above all the admirable *Horizon*.

One of the problems when television does try to get to grips with science, particularly modern rather than historical science, is that most viewers will not even be familiar with the vocabulary let alone the concepts involved, however basic and central they may be.

Whereas the producers of arts programmes appear to feel that they are broadcasting to the initiated and are therefore entitled to speak in a somewhat specialised language because it will be fairly familiar, producers of science programmes usually seem to think that they have to start from scratch with every new programme or series.

Two other approaches are evident: although the producers of Yorkshire TV's *Don't Ask Me* could argue with some justification that they (almost alone) do at least fill in some of the missing basic vocabulary and concepts pretty painlessly, their programmes often look like little more than light entertainment with a science seasoning.

On the other hand *Horizon* has for years maintained its habit of aiming about half its programmes slightly above the head of the layman (certainly above mine, anyway) and assuming either some familiarity with the subject in hand or else a willingness to bounce along in the programme's wake picking up as much as possible and relying on intuition to convey the meaning of some terms. Last week's edition (complete with *Horizon's* favourite white rats, central European scientists, and encephalogram pens) was a perfect example, conveying as it did a very good idea of the significance of the discovery of enkephalins even to a viewer



Peter Ustinov in 'Einstein's Universe'

who had not entirely followed all the steps leading to that discovery.

However, the two-hour blockbuster *Einstein's Universe* screened last Wednesday to mark the 100th anniversary of Einstein's birth, was an equally good example of what seems to happen nearly always when television (meaning BBC-2) lays out a big budget and aims for the audience between *Don't Ask Me* and *Horizon*.

The intention — to explain and illustrate Einstein's most famous theories as clearly as possible and indicate their continuing significance in today's physics—was wholly admirable. Yet the result put me in mind of an illuminated manuscript written by a mad monk: so often the illustrations, flourishes and furbelows ended up hiding what was supposed to be communicated instead of enhancing it.

In this respect science programmes are by no means alone, of course. The second part of *The Serpent Son*, which capered onto the screen 25 minutes after *Einstein*, complete with dialogue-drowning foreground music, weird costumes, and distracting optical effects (all to be blamed on freelance director Bill Hays, I am assured, and in no way the responsibility of Richard Broke whom I named last week, but who is merely the producer) suffered from similarly confusing over-elaborate decorations.

Likewise the megalomaniacally entitled *David Frost's Global Village* which was so busy playing supposedly impressive tricks with the medium ("And now on that same Eidophor screen . . . by satellite from Lusaka . . . etcetera) that the content came a very poor second. Since it consisted last week of Sir Harold Wilson repeatedly calling Joshua Nkomo "Mr. Kaunda", Frost referring to Andrew Young as "Senator," and Frost managing "at this moment in time" and misuses of "hopefully" and "escalating" almost in the same breath, perhaps the mad-monk syndrome was a mercy.

It was of much more importance in *Einstein's Universe*, however, because whereas Frosty's mad-monk flourishes were simply showing off, it was pretty clear in *Einstein* that they were actually meant to be the means of conveying the heart of the matter. Of course the Colditz accents used by Peter Ustinov to read Einstein's words (when he was not playing Joe Public) was an error which should have been spotted and eradicated by producer Martin Freeth the moment it was tried, yet it was irrelevant to the fundamentals.

But the coloured motorcyclists attempting (I think) to illustrate red shift, the beetle walking around the outside of a black balloon (to represent the universe? a mediaeval sphere, perhaps? but then how did he get outside?) and above all that wretched curved black billiard table were absolutely central, yet by being either slightly false or downright misleading they were not just poor as analogies but counter-productive. The two dimensions of the table-top curve within the third dimension of space: is that really any use as an illustration of how space itself curves? Within what? Time?

The temptation to allow television to take over and dominate all subjects by turning them into what it happens to handle most easily—light entertainment — is clearly very powerful, whatever the subject: Greek drama, Rhodesian politics, science or whatever.

The pity is that whereas there are ample sources of drama and other entertainment and current affairs available to the general public outside television, there are precious few other places for the layman to go for science. Yet science remains one of television's weakest points.

Covent Garden

Billy Budd

Richard Cassilly, prevented by illness from singing Captain Vere in the revival of *Billy Budd*, joined the *Indomitable* company for the two remaining performances. He is more obviously the man of action than those singers of the part who stress the reflective side—this makes Vere's apparent indecision at the crucial moment during the trial of Billy more rather than less credible. The soliloquies during the main action, the scene with Claggart, Billy and the officers went very well, with the infectious sense of involvement Mr. Cassilly usually conveys and with excellently vigorous if idiosyncratic diction.

The meditations of prologue and epilogue suit him rather less well. Here traces of a cold were still occasionally clouding the tone (the voice consequently gave more impression of age than the singer's appearance, much the same here as elsewhere). Few Veres can have captained such a distinguished crew—Thomas Allen, Geraint Evans, Richard Van Allan, Peter Glossop, John Dobson, Norman Welsby, Francis Egerton, Joseph Rouleau and still more besides.

A certain inflexibility in the conducting of Edward Downes, noted by Nicholas Kenyon after the first night of the revival, was also felt at this performance. It is, I think, a deliberate playing-down of the atmospheric side of Britten's score. There was less than usual of whistling wind and stinging salt spray, and as a result the contrast of the scene in the Captain's cabin where male comfort is so surprisingly and successfully suggested the harp was less striking than usual. On the other hand Mr. Downes showed an impressive grasp of the human side of the music. The second act bit deep.

RONALD CRICHTON

FINANCIAL TIMES

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Wednesday March 21 1979

Wouldn't it be lovely!

THE CENTRAL message of the OECD's latest report on the UK economy is a very familiar one: excessive wage settlements are damaging our prospects. They hit directly at profits and competitiveness, and thus reduce both output and investment. This is not only bad in itself, but hits the economy where it is most vulnerable, since as the report points out, the share of profits in British national income is already far lower than in other competing economies.

The question is, of course, whether there is any escape from this dilemma. The OECD report calls for improvements in the wage bargaining system, and pins some hope on the latest of the many concordats between the TUC and the government of the day, with its declared aim of making settlements compatible with a further reduction in inflation. Unfortunately, this looks rather a wishful prescription.

Wage moderation

Every British citizen is in favour of wage moderation for everyone except himself; nevertheless, some decades of wage pressure, and considerably more effective pressure through successive governments for a higher "social wage" (the apologist's term for public spending) has led to our present situation. The Midland Bank Review perhaps faces the difficulties more honestly when it expresses its wish for wage moderation in doggerel about ringing the bells of Heaven: they might have set their thoughts to the more familiar music of "Wouldn't it be lovely!"

Indeed, while the stress of the OECD on the squeeze on profits is a useful reminder, it is a pity that the conventional analysis represented here does not lay more stress on the social wage. While it is not yet clear how far a tight monetary policy inhibits irrational wage settlements in the long run, such a policy does seem quite quickly to inhibit the growth of public spending. The operation of cash limits, and the expense of financing public sector borrowing are likely, in the OECD view, to ensure that public spending will again fall below planned levels, and that is at any rate something gained in terms of resources available to the private sector as a whole.

Nevertheless, our present stance seems to ensure, in the words of the Midland Bank, that "the profits of enterprise and the level of employment will be ground between the nether millstone of wage demands and the upper one of fiscal and monetary restraint."

This is the inevitable result of the monetary policies practised by the present government, preached by the opposition, and regularly commended in these columns; and those who support such policies must face the question of whether an approach which puts such a squeeze on profits is the best available way to secure national recovery.

However, failing wishful thinking about wage restraint, the choice is starkly simple: any policy to reduce inflation puts pressure on profits, and the *protection of profits through currency* depreciation (favoured, paradoxically, only by the Labour left) would mean higher inflation.

It is because experience shows that any "relief" purchased in this way is temporary and illusory that the depreciation option has rightly been rejected by the Government. This does not mean that there is no limit to the desirable degree of monetary restraint or competitive pressure. A stable exchange rate and a slowly falling rate of monetary growth are probably the best available compromise. The recent and somewhat embarrassing strength of sterling reflects errors of fiscal policy and exchange control policy which should be corrected; but this would only slightly relieve the pressure on profits in general.

Generate recovery

This may look like bad news for the earnings of Great Britain Ltd., but it is not necessarily the worst recipe for long-term growth. Britain is not a single company; and those enterprises which can survive the challenge implied by monetary stability may actually grow faster than in a more inflationary economy. Their profits need not be diverted to financing cost increases, and they can bid resources away from less efficient sectors. This transformation could do at least as much as a change in bargaining attitudes to generate recovery, and market pressures are more reliable than wishful thinking.

A North-South compromise

THE NEW institution that industrialised and developing nations have now agreed to set up to help stabilise the price of selected international commodities is a far cry from the ambitious programme proposed nearly three years ago. Developing nations then wanted a $6bn Common Fund with the power to intervene actively in the commodity markets and assist the poorer producer nations most dependent on commodity export earnings. The institution that has emerged is little more than a banking facility that will be of assistance to individual commodity organisations in their buffer stocking arrangements. This is the so called "first window" of the Fund which will have as its initial capital direct government contributions of $400m. In addition to this, there is to be a "second window" with an initial capital of $350m to help poorer producers with other measures such as marketing Such an outcome is inevitably disappointing to many developing nations—and certainly not worth so much haggling—but their initial demands were pitched far too high.

Confrontation

The achievement of a compromise is in itself an important step, however, towards finding ways in which the two sides can continue their dialogue on economic issues of mutual importance. *There has been a* danger in recent months that developing nations, despondent at their lack of success in winning any substantial concessions from the West, would throw in the glove and return to the policy of sterile confrontation that followed the 1973-74 increase in oil prices. Industrialised nations were also getting increasingly fed up with windy debates about transfers of wealth that seemed increasingly meaningless in today's conditions of high unemployment and prolonged recession.

The West has also had doubts about the real feasibility of stabilising commodity prices and wheher they wanted to add another aid institution to those already in existence.

It will probably not be until 1980-81 that the first window of the fund will come into operation. By that time three or four commodity associations are likely to join—tin, cocoa and rubber could be the earliest. Producers of all three commodities at the moment have little enthusiasm for a fund with such small resources of its own and into which—in the case of the tin and cocoa associations—they would have to deposit some of their assets possibly placed more profitably elsewhere. But what should tip the balance towards their joining by then is that consumers will be bearing a higher proportion of the cost of financing buffer stocks for commodity associations. Implicit also in the attitude taken by such major consumers as the U.S. throuhout the negotiatoins has been that the commodity associations in which they participated would also join the fund.

In return for carrying a greater burden of the finance, the major point insisted on by the west is that commodity associations will themselves set the reference prices for their commodities and determine the size of the buffer stock without interference from the fund. The advantage they will gain from depositing a proportion of their assets with the fund will be greater access to credit through the guarantee of the fund's pooled resources. The fund will thus act as a marginal financing facility.

In these circumstances the second window of the fund could prove the more important. Opposed initially by the *west as unnecessarily duplicat*ing existing aid institutions, it could have a major influence on the flow of commodity exports through its research and development programme, productivity schemes and possibly through encouragement to product diversification. But its scope has still to be defined and its power also will depend on the man chosen to lead it.

Clash

The agreement over the Common Fund removes the main threat to a clash between developing and industrialised nations at the fifth UNCTAD conference in Manila. There will be no dramatic breakthrough there over such issues as protectionism, the transfer of resources, or debt restructuring. But an opportunity of discussion would have been missed if the two sides had stubbed their toes at the start over continuing differences on the Common Fund.

China eases up on imports to give its people a break

BY COLINA McDOUGALL

LESS THAN a year after Hua Guofeng (Hua Kuo-feng), announced a startling number of new development projects and amazingly high targets for steel and grain production, the Chinese have quietly abandoned his plan in favour of a much more modest and selective programme. While this policy switch derives from the fact that modernisation was to come largely from imported plant and thus depended on large amounts of foreign exchanges, there are far more profound reasons for it than merely a lack of hard currency.

The plan was impossible from the start, and the discontent in China with food and consumer shortages has made it dangerous to go ahead with a programme which, even if pruned, would postpone for years any real improvement of living standards. The steel industry in particular which had set its sights at 60m tons by 1985, nearly triple its 1977 output, will have its investment severely reduced. Vicepremier Li Xiannian (Li Hsien-nien) has already said the target is unattainable.

Even a year ago it looked as if China's infrastructure was simply not ready to handle the masses of equipment the country was planning to buy. Transporting vastly increased amounts of goods and fuel around China looked like being very difficult. Ports and railways were still slow and overburdened despite current modernisation schemes.

Even experienced planners would find it hard to pull off the huge interlocking developments of industry the Chinese had in mind. The eight-year timetable from 1978 to 1985 meant that plant would have to be ordered, shipped and erected with a clockwork precision. Even foreign-built plant in China frequently goes into commission late. There can be long delays with Chinese-made plant. There must have been little hope of constructing on time the full 120 projects Hua announced last year.

These problems would have been aggravated by inexperienced management and the huge gap in trained personnel left by the disastrous effects on education of the Cultural Revolution. It was all too easy to envisage the expenditure of vast sums of foreign exchange on equipment which would have taken years to come into efficient production.

Of course, the shortage of foreign exchange, which is the reason the Chinese have themselves given for their slowdown, was probably the most immediate. Their exports simply cannot be increased at the rate that would have been needed to repay the many billions of dollars they seemed to be thinking of borrowing. They are not going to stop buying altogether (some deals are already going ahead) but last year's potential totals will be severely cut.

The Japanese Foreign Ministry says that some 30 contracts, worth about $2.8bn, have been delayed, about half of which are related to the huge Baoshan steel mill, near Shanghai. The total includes four 300,000 tonne ethylene plants from Toyo Engineering, worth about $400m, an aluminium smelting plant from Nippon Light Metals, for $140m, two 200,000 tonne PVC plants from Shin-Estu Chemical of about the same price, an ammonia plant for $190m from Ube Industries; a 40,000 tonne acrylic ester plant from Nippon Shokubai; and a styrene butadiene rubber plant from Mitsubishi, each for $31m.

British and West German negotiations have slowed down, and the type of deal Peking now appears to be after involves much more Chinese and much less foreign content. The Chinese Press has begun to say you cannot simply buy or borrow modernisation.

Irrigation canals under construction in China: by allowing almost a market economy, it is hoped to induce peasants to produce far more

Over-ambitious plan

It is a mystery why the Chinese last year committed themselves in public to an obviously over-ambitious plan. By spring 1978 most of the country's distinguished economists were back in place after years of life in the shadows. It is always possible that they simply made a mistake, though odd that no one expressed any doubts. It is true that freedom of speech has become much more real in the past 12 months, but even a year ago powerful officials ought to have been able to thrash out an economic policy frankly before the head of state trumpeted it formally as the country's programme.

Some of them must have had misgivings about the practicalities of constructing 10 iron and steel complexes, 10 new oil and gas fields, eight coal mines, 30 power stations, six trunk railways and five key harbours, nearly tripling steel production and raising grain output by almost a third, all by 1985, as the plan laid down But it looks as if the desire not to seem conservatively cautious afflicted all of them.

That raises the question of who, if anyone, was responsible for encouraging high targets. Last year at the National People's Congress Comrade Hua (as he is now usually called, reserving the title of chairman for formal occasions) made a marathon speech announcing the new plan while Vice Premier Deng Xiaoping (Teng Hsiao-ping) did not utter a word. There was some speculation at the time among China-watchers that Hua, as a follower of Mao, had been deeply influenced by the latter's drive in 1958 for industrialisation, the Great Leap Forward. He and other Mao supporters had put forward a leap-type plan, the reasoning went, from which Deng had dissociated himself. But the execution of the projects seemed thereafter mainly to rest with Deng and his colleagues, particularly the reliance on foreign plant, so responsibility is difficult to apportion.

The key revisions of the plan were unobstrusively announced in the People's Daily editorial of 24 February. They were intended to keep targets within the bounds of possibility (no figures were given) preferably low enough to be able to meet the occasional crisis without defaulting, and to resume the order of priorities traditional since the 1950s: agriculture, light industry, heavy industry. Funds were to remain available for investment in heavy industry since agriculture and light industry by nature absorb less, and in this field coal, power, transport and building materials were to take precedence. Steel was blamed for distorting the economy, and steel investments were to be "proportionately reduced."

Although this may discredit Hua as a policy-maker (especially as the programme for agricultural mechanisation with which he was strongly identified was strictly pruned a few weeks ago) it looks unlikely that any public vendetta will occur immediately. The Chinese media harp constantly on the need for "stability and unity."

Recently a traditional Peking opera suggestively named The General and the Prime Minister are in Harmony, began a run in Tianjin (Tientsin). Deng is chief of staff and Hua prime minister and this is precisely the kind of signal Peking often uses to carry a political message. The People's Daily editorial said specifically that "those with different views on economic work should not be impetuously regarded as targets for a struggle," though perhaps ominously it added that one should "settle accounts" with those who made rash plans.

The People's Daily editorial is just part of a wider campaign in the Chinese Press which still reveals continuing disagreement.

This obviously relates to the debate about the economy, whether to retain the tenets of socialism or to abandon them in a move to provide more tempting material incentives. Deng and his supporters have been pressing for much more pragmatic and liberal policies, but there is still opposition from the remaining hardliners, and even from cautious officials who instinctively feel that Left is more correct (and safer) than Right.

The ground is being laid for more policies of the Right in an arcane dispute which recently occupied the Press. Were Lin Biao (Lin Piao) and the Gang of Four leftists, "leftists," fake leftists ultra-leftists or rightists? For years they were labelled rightists, which brought rightism into disrepute. Lately the People's Daily has begun to point out firmly that they were in fact ultra-left, and so to refurbish the image of the Right.

In practical matters, the People's Daily editorial points out, caution and conservatism, which are "rightist," and are frequently appropriate to the state of the economy, while the "impetuosity and rashness" of the Left led the country into disastrous and wasteful mistakes. Both high targets and economic imbalances (which are supposed to drag the economy upward in a leap-frog motion) were dearly beloved of Mao.

The revision of the plan was probably decided on at the key central committee meeting before Christmas which took momentous decisions, among them to normalise relations with the U.S. It also greatly strengthened Deng's position by downgrading the post of party chairman to one member of a collective leadership and appointed several Deng supporters (including the veteran economist Chen Yun) to the Politbureau.

It was probably given a sharp nudge by last year's grain harvest which was only 10m tons above the 1977 figure of 285m tons. That was the first increase since 1975, and nothing like big enough to ensure that China would be able to average the annual increase of 4-5 per cent up to 1985 stipulated in the plan. Agricultural changes swiftly followed the central committee meeting with a reduction of rural taxation and prices of farm input goods, such as fertilisers, to the peasants, the cut in mechanisation, and in mid-February the setting up of three agriculture-related ministries to replace the previous one. Fresh Government investment in agriculture is to go into providing equipment through new tractor stations and indirectly from the extra resources left to the peasantry by the tax cuts.

At the heart of these changes there probably lies a profound anxiety about food and population. Recently an official statement said that the grain allocation per head is now lower than in 1957. Last winter saw a surprising amount of discontent voiced with poor nutrition and low standards of living. The existence of food shortages is confirmed by the FAO report that this year the Chinese are buying 12m tons of grain, the highest ever, and that purchases will continue at that rate for the next several years.

Chinese grain production reached a plateau several years ago from which it has only just begun to rise. This is partly due to long-standing drought, but also to the lack of incentive and to some extent the shortage of modern inputs. The nationwide mechanisation programme seems to have been a failure because resources were spread too thinly. The ignorance of the peasantry also is a handicap; tractors are hard to repair and rural people have little grasp of mechanical processes. Apathy and bureaucracy discourage innovation.

A wider range

The obvious direction of the new plan, now code-named "socialist modernisation" to differentiate it slightly from last year's "four modernisations" is towards producing more food and consumer goods. With the help of higher rewards it is intended to encourage a much wider range of farming activities, to stimulate output of handicrafts, and to provide more raw materials to light industry which should benefit the Chinese consumer and feed the export trade. Peking has reaffirmed the basic rights of peasant ownership, and hints in the Press suggest that a much freer rural society is on the way. This may foreshadow the abolition in all but name of the communes, which a recent Peking poster demanded.

Light industry, the People's Daily has also pointed out, will improve the standard of living and boost foreign exchange earnings with a relatively small outlay and a quick return on investment. In particular it commented that joint ventures and buyback arrangements with foreign suppliers were a most useful and inexpensive way of acquiring foreign technology. Few of these are yet functioning, and the foreign element at least seems likely to face problems in setting them up.

Underlying the new policy, there is the hope that by allowing them almost a market economy the peasants will be induced to produce far more, will grow rich, buy consumer goods and exotic foods from other regions, reinvest in machinery and fertiliser for the land, and though paying lower rates of tax will produce far more revenue for the state because of their far greater productivity.

This will benefit the urban worker, mopping up inflationary wage and bonus increases, brightening his boring diet and indirectly begetting investment for industry.

So far, no figures have been published, so that it is hard to judge. But it is not a bad idea—and it may work.

MEN AND MATTERS

The business of suffering a lady

The scene in the Royal Albert Hall yesterday was a glowing prof of the vitality of capitalism. The Institute of Directors was in spirited form at tts annual convention. Of course, there was more than a touch of general election fever in the auditorium.

But as I listened to Norman St. John-Stevens telling the delegates what the Tories under Mrs. Thatcher would do for them, the thought stirred that not many women were present. True, Lady Falkender was sitting in the front row—yet is 200 among 2,300 enough, in a country that loks likely to have a woman controlling its affairs quite soon? (Not to mention another on the thrne?)

A member of the Institute whom I taxed with this replied that at least the directors do better than the politicians, seeing that the 635 members of The Commons include only 27 women. A fair riposte.

However, one is left with the distinct impression that the leaders of British industry have a smoking-rom attitude to women in public life. There was hilarity, for example, when Lord Miles of Blackfriars (and the Mermaid) told the delegates of his decidedly risque dream involving Mrs. Thatcher, James Callaghan and even David Steel. I should not care to repeat the details in a family newspaper.

"The world's a stage all right, but we see mto be stuck with the same old plot!"

Licking opposition

One of the ironies of December's Letraset-Stanley Gibbons merger is, I learn, that the stamp auctioneers were themselves offered the Letraset patent back in the 1950s.

"Nobody was very interested," Stanley Gibbons chairman Howard Fraser admitted to me yesterday. He is quick to point out that he was not with the company at the time.

After a few hard years Letraset went on to become one of the major success stories of the post-war years, but it is now anxious to reduce its dependence on instant lettering. Fraser tells me *it has a virtual monopoly in this* department and there is no room to expand. As Letraset's new deputy chairman, he is now involved in collecting a few more companies.

So far he has looked at companies in the U.S., Australia, and France. "And I have my eyes on two in the UK," he says. His interest is in the private companies which, like Gibsons, specialises in so-called "collectables."

Meanwhile, he has also been given *carte blanche* to spend what he likes on building up Gibbons' stock, which is in constant danger of being depleted by the new stamp fever.

"There is basically no limit, if we can spend it. My problem is finding collectables that are viable. Our busines is built on stock — if you have no stock, you have no business." There are so many more collectors now."

At any one time, he thinks, the stock is worth well over £10m, a figure which would horrify most managers. But Fraser says happily that no stamp has failed to increase in value since 1929, and that he is paying £100 for stamps he sold for £50 two years ago. He shies away from the suggestion that the popularity of stamps has a great deal to do with their easy portability and the fact that they can be resold in any Western capital.

It is not just the traditional moneyed classes who came into the salerooms these days, he tells me: "More people seem to have more money and more leisure than at any time before, whatever the papers say."

Decimated

Nothing illustrates the basic conservatism of the French as much as their habit of still calculating prices in old francs—19 years after the so-called franc was introduced. If you wan to be smart, you still refer to the present ten-franc notes as 1,000 "balles," the French slang equivalent of "bob" or "quid." And fiy uow ant to be really with it, you multiply sums denominated in new francs by 100 and call them centimes.

After a court decision in Nice earlier this week, howevr, a lot of people will have second thoughts about persisting with this archaic habit. The court rejected an appeal by a managing director of an electrical household goods company for reimbursement of a cheque for FFr 750,000 (£87,200) which he had made out to his gardener as a serverance payment.

The unfortunate businessman was thinking in terms of old francs when he signed away part of his fortune and had really meant to write a cheque or FFr 7,500 (about £872). But his gardener refused to pay back the money, claiming that he had lost it all in gambling.

The court considered the attitude of the gardner "blameworthy," but ruled that he had done nothing fraudulent and so could not be found guility of any offence. Life continues to be just a bed of roses for old Adam.

Focus on funds

Retaining his usual self-efficiency style, Lord Snowdon ascended the 16 floors of New Zealand House yesterday to help persuade luminaries of the photographic industry to contribute to the Photographers' Gallery.

So far the gallery, which proposes to double in size, has raised £135,000 towards buying and converting the building near it on the other side of London's Arts Theatre. "Negotiations are in a fairly advanced state," appeals organiser Ray Harkus tells me. He anticipates coming £20,000 closer to his £250,000 goal after yesterday's shindig, the third so far.

Snowdon had not expected to speak but managed a few remarks about how photography was an applied art "somewhere after gardening and before fishing" in the scale of popular pastimes.

In the cab bearing us away from this scene, Snowdon confessed that however many times he had to speak in public, it never seemed to get any easier. If he spoke off the cuff he instantly forgot what he had said in his last sentence; if he had time to prepare, the words had a habit of emerging "lifeless" and smashing to pieces on the floor.

Going native

Heard from an American woman in the Portobello Road: "You gotta haggle, Ruthie, otherwise they think you're a tourist."

Observer

...ilston and Corby struggle against the tide

BY CHRISTIAN TYLER AND PAULINE CLARK

Corby steelworkers demonstrated recently outside the London headquarters of the British Steel Corporation

...ritish Steel Corporation's ... programme is like a ... low conveyor belt. This ... another 2,000 of its ...ees at a small works in ..., Staffordshire, find them... within a few feet of the ...here the conveyor runs ...ver on the other side of ...idlands, at Corby, in ...mptonshire, no less than ...nen have just been put ... rollers.

... belt runs slowly and ...ntly cannot be stopped. ...ost every case so far the ...ho have fought against ...ling redundancy—some... as at Shelton, Stoke on ... for years and years— ... when they can sense the ... the line, to leap off with ...edundancy cheques be... ...ey are toppled off.

...test

...n's fate, more even than its predecessors, has for ...een seen as a kind of ... how far the steel unions ...epared to co-operate in ... retrenchment. The men ...ve repeatedly voted to ... their jobs, have this ...ormally delivered their ... into the hands of their ... unions. Over the next ... weeks, the unions— ...ly the big Iron and Steel ... Confederation which ...nts the great majority of ... there—will decide ... to back the campaign ... Bilston open, and if ... to back it. In the mean... ...e Corporation, now that ...iven formal notice of the ... closure in a year's time, ...ng quite unofficially that ...ker the men give up and ... more money they will ... in compensation. ...'s about money are ... flying round the plant, and the 80 shop stewards are trying to ignore or stamp on them.

The union's national leaders, of course, will be waiting to see whether the protestations of unity and determination made by the action committee and its vocal chairman Mr. Dennis Turner, are proof against the clink of coins. It is constantly suggested that the Bilston workers are not as determined to fight as their action committee says they are; Mr. Turner, their skilful spokesman, will have none of it. Some of the union leaders who represent constituents in other parts of the BSC empire may secretly hope that the Bilston men do cut and run.

They, like many of their members, will have heard the BSC argue that if Bilston did not shut another works in the special steels division would have to shut instead.

The ISTC, which last year threatened to call a national strike over what it claimed was the premature rundown of Bilston, has been much more wary recently, as the 14 months of negotiations took like nearing their end. Mr. Bill Sirs, the general secretary, does not want a strike over Bilston now.

There are, in other words, some delicate tactical questions to be dealt with inside the national executive committee of the ISTC and other unions, quite apart from the very considerable documentary evidence that Bilston has attracted in its favour.

Indeed the Bilston workers, in contrast to those at Corby, decided a long time ago that they would be arguing Bilston's case on commercial grounds. With the support of a friendly economist, Mr. Turner's local council contacts, and the local authorities themselves, they have had a number of reports produced all arguing for new investment instead of closure. This may have helped modify the BSC's initial decision to shut the whole works. Now it says it will keep the rolling mill going and save 400 of the 2,300 jobs. That has not pleased the action committee, which believes it to be merely BSC's consolation to fight as... at work and that eventually the lot will go. The committee says that if the unions refuse to support it, it will argue for the whole works to be shut.

The case for Bilston is that with a relatively modest investment of around £15m in either an electric arc furnace or perhaps the still-experimental Q-BOP process (bottom-blow oxygen steelmaking) to replace the obsolete open-hearth furnaces, it could be restored quickly to the profitability it enjoyed until recently. Second, the action committee has laid great stress on the loss of market that it says BSC would suffer; and the Aston University report just published claims that between 30 per cent and 50 per cent of Bilston's customers in the West Midlands would turn to the private sector or to imports if the whole works were to shut.

Bilston is an outpost of the Sheffield-based special steels division (and feels discriminated against as a result). But it is also in the centre of the important West Midlands motor manufacturing area, where 60 per cent of its customers have their plants, and it can very quickly deliver small lots of special orders. Its industrial relations record is good and its quality of product has been good—although that is a matter of dispute between BSC and the plant.

The Corporation has many times explained why it decided to shut Bilston, but its argument is the product of a much bigger design, and the action committee feels that BSC cannot or will not answer their case point for point. In the end, as the Corporation might admit, it does not matter how good a case Bilston—or any plant—may put up in isolation. With the tacit support of the Government, the BSC is largely looking for ways of cutting capacity, even in the relatively buoyant special steels division, in order to get off the financial rocks. It is also unwilling to spread its available investment money over large numbers of small projects.

It is the kind of frustrated dialogue that Corby will soon be entering, now that its own lease on life has officially been declared finite.

Deaf ears

Like a community living on a geological fault, turning deaf ears to warnings of an impending earthquake, the people of Corby never believed that the British Steel Corporation would actually carry out plans for ending iron and steel making there.

It was always known that 1980 would be a critical time for a decision on the future of Corby and the local trade unionists who are now preparing a major battle for survival readily admit it.

They claim, however, that the results of axeing steelmaking in the East Midlands town would now be so devastating to the Corby community that the whole approach to the future of the plant should be fundamentally reassessed.

When the announcement came last month that more than half the community's steelworkers were to lose their jobs, Corby was taken by surprise. The structure of the action committee itself was only finalised on February 3 when ROSAC (Retention of Steelmaking at Corby) was inaugurated at a public meeting in the town's civic centre. And only in the last couple of months has it become clear that the committee's plan of action will be rather different from that of its predecessors in Shelton and Bilston.

While Shelton and Bilston steelworkers put considerable time and effort into presenting commercial arguments for keeping their plants open, Corby seems already on course for a major political campaign concentrating on the social and human implications of the BSC proposals.

The action committee has recognised from the outset that there are overriding commercial arguments for closing iron and steelmaking at Corby. The advent of the BSC low-cost plant programme means that even if a case can be put up for arguing that Corby is a potential profit-maker, it still does not make the plant viable within the total BSC structure.

Steelworkers from Corby—the only fully integrated iron, steel and tube-making plant in Europe and one of the BSC's showcases only a decade or so ago—maintain that the plant could be turned round.

But with the experience of Bilston and Shelton behind them, it seems to Corby steelworkers that the chances of making a political impact based on social issues are infinitely greater.

Corby shop stewards are also quick to point out that they may be the only steelworkers threatened so far with job losses who have a weapon with which to defend themselves. According to Mr. John Cowling, Corby union convenor and executive member of the Iron and Steel Trades Confederation, the decision has already been taken to block any attempts by BSC to import steel to the important tube-making plant from low cost works in Redcar, Lackenby and possibly also from Ravenscraig.

As one action committee member put it: "We are after retention of steelmaking in Corby. There are 6,000 jobs at stake now and if we let those go the cumulative effect on the town will be a loss of 30,000 in five years' time. The end of iron and steel making here will lead eventually to the end of the steel works and of Corby altogether."

Corby steelworkers are frightened about their future partly because their skills are not easily transferable and specific to steel making and partly because they cannot hope to find industrial employment within reasonable access of their existing homes. Corby has been described as an "industrial island in an agricultural ocean." Their comparatively high earnings—averaging just over £100 a week—mean also that even if they are lucky enough to find other jobs, they will almost inevitably suffer a severe drop in living standards.

Deep rooted

The planned political campaign will emphasise that while unemployment in Corby is already high at 8 per cent, any major axeing of the steel works will ultimately give rise to a "devastating" 32 per cent unemployment level and the effective "destruction" of the town.

A report recently commissioned by Northamptonshire County Council, Corby District Council and Corby Development Corporation concluded that the town had "deep rooted problems" resulting from structural imbalance in the industrial base of the town, dominated as it is by a single large steel plant providing about half the total employment and two thirds of the total male employment. . ."

In a town with a high immigrant population, especially from Scotland, there is major resentment about the loss of jobs now when just 10 years ago whole families were enticed to Corby as a result of a major steel works recruitment campaign. Only two years ago they were encouraged to sink their savings into buying their own homes which would be virtually worthless if the town died.

The action committee has started raising money locally with an initial target of £10,000 to publicise the town's plight. The committee is at pains to rebuff any accusation that its campaign is politically motivated because it believes the fight must come from a united community—but the battle will come at an embarrassing time for the Labour Government in the run up to an election.

With future employment prospects of major concern and in spite of fears of the campaign collapsing due to the attractions of high severance pay, the action committee is banking on the steelworkers opting for a straight fight to keep their jobs to prevent Corby from becoming the "Speke of the Midlands."

Letters to the Editor

...nning a ...icit?

...r. T. Shucksmith

The managing director ...hlesinger Investment ...ment Services stated ... 13) that long-term rates are at unrealistic... ...h levels. Whether one with this assertion de... ...ently on the view one ... the future rate of infla... for argument's sake one ... a long-term rate of infla... 10 per cent per annum, long-term redemption 12½ per cent per annum ...ts a gross cost in real f about 2½ per cent per ... If the coupon was also ... cent per annum and tax deductible at a rate ...er cent, the real cost ...of be a cost but a gain ... 3½ per cent per annum. ...s scarcely expensive ...ng.

...ld agree with Mr. Baker ...g-term corporate borrow... ...v be unattractive to a director, not for the rea... ...t the expected cost is ...tically high, but for two ... The first is that at high rates borrowing is quite ...m because of large payments (the average ... the borrowing is only ...x years) and therefore ...natched to any notional ...ent in production assets. ...nd is that, although the ... cost may be reasonable, ... a risk that the real cost ...crease dramatically if ...f inflation and conse... ... long-term interest rates ...

...leration of this latter ...veals that the position of ...ernment and a finance ... are not entirely analo... The Government can to ...tent control the rate of ... and hence the real cost ... long-term borrowing. ...I am not suggesting ...s is the kernel of its ...on inflation, while a ... director is fully exposed ... fortunes of the rate of ...

... staggered that the man... ...director can give the ... of an in-depth and ... analysis as to the bene... ...leficit financing, namely ...anced budgets should be ... without on his own ... admission such an ... having been carried out. ...nel Brittan wrote in his ...5 "Budget challenge for ...ann," the answer to this ...h depends on "answering ...d problems at the ...s of economics." ...ucksmith. ...rne, ...ckborough Road, ..., Surrey.

... view. Body, military jobs are assessed using job evaluation and a "bridge" constructed with jobs in the civilian sector. This has also been achieved for merchant navy jobs and transport jobs.

The trap is to search for the precise equivalent. For where in the civilian sector is the match for the infantry soldier?

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...problems of ...mparability

...he Divisional Director, ...n of Industrial and Relations, .../AIC Management ...ants

...—Michael Dixon's com... (March 15) on the ...ns of comparability and ...s' pay are apposite. We ...that comparability prob... ...re "perplexing" but the ...ent of "divinatory," sir, ...g too far. ...mparability" can be ...d using systems of job ...tion, given that the ...ted parties can agree on ...s, such as job-size, or ...sibility and environ... ...l factors. Under the aegis ... Armed Forces Pay Re...

Academics and industry

From Mr. N. Charlton

Sir,—May I offer a non-controversial criticism of the Clegg Committee—that in my opinion they can bring very little knowledge of wages to their work.

In the first place I do not see, and have never been able to see, how an academic can know anything about industrial relations. But even more relevant none of the members, with two possible marginal exceptions, appears to know anything about wages. A modern wages system is a very complicated business indeed, and I am sad that Whitehall with its expected lack of imagination has not gone out of its normal rut and looked for a really experienced wages superintendent. Equally the committee, in my opinion, needs as a member a first class work study officer—not an "expert" but a working fellow, fresh from the job. Two such members would be very valuable: they would at least make sure that the arithmetic was right.

We are talking about a down to earth problem. We need down to earth chaps, not academics, economists and such like from the London Establishment.

Nial Charlton.
Willow Green, Little Leigh,
Northwich, Cheshire.

Shareholders' power

From the National Branch Organiser, The Freedom Association.

Sir,—The AGM of the Rank Organisation (Page 14, March 14) served notice of a new factor to be considered in industrial relations.

That company's subsidiary, Rank Toshiba, in Plymouth had previously concluded a closed shop deal with the Electricians and Plumbers Union necessitating firing two men who each had eight years' service. Mr. Hooper and Mr. O'Hanlon (the two workers involved) have fought back strongly. Supported by the Devon Branch of the Freedom Association, they are not only taking their cases to an Industrial Tribunal but have also presented a 3,000-strong petition protesting against the closed shop to the three Plymouth MPs, as well as giving evidence to Mr. James Prior and bearding the TUC at Transport House.

It takes two parties to make an agreement, and the management of Rank Toshiba must bear a major part of the blame. It was they who pushed this agreement through. The workforce did not know what was happening until it was too late to do anything.

Freedom Association members have since taken the lead in forming an association opposed to the closed shop at Rank Toshiba which its managing director refuses to meet despite the wide support it enjoys at the company. So be it. In the face of the intransigence of the union and the management, Mr. Thom Robinson, chairman of the Freedom Association's East London branch founded Shareholders against the Closed Shop. It was only his attendance at the AGM with Mr. O'Hanlon and Mr. Hooper that brought this agreement to public attention through the financial columns of national newspapers.

But more importantly it brought it to the attention of Rank shareholders. The officers of Rank had refused shareholders permission to distribute to other shareholders at the AGM their understanding of what the closed shop meant, but this did not prevent a lively discussion at the end of the meeting. We guarantee that life will now get hot at the top for those who dispose of people's jobs without reference to their ability to do them.

This association has fought *the closed-shop mentality in the* courts, in the factories, in the unions, in the media, in the boardrooms and within the political parties. And now it will do so through the use of shareholders' power — an aspect of "industrial democracy" that the association intends to resuscitate.

Gerald Hartup.
11, Grape Street, WC2.

Industrial innovation

From Dr. S. Castell

Sir,—It is really becoming most gratifying to see the way in which our institutional bodies of review are now espousing views, and, more importantly, making practical and practicable suggestions, which so many of us individually have been suggesting for so long. The Wilson Committee's report on small business finance (March 16) makes just such a number of recommendations. It is exquisite in its timing, coming as it does so soon after the Advisory Council for Applied Research and Development's entrepreneurial thoughts on fostering industrial innovation: these two areas of concern are, of course, very much related.

This gratification, I think we may safely predict, can now turn into a feeling of confidence: with the building-up of such a respected barrage of enterprising suggestions, it seems inconceivable that governmental action (of whatever future political hue) will not fairly rapidly now follow.

But such confidence should not too soon be allowed to become self-satisfaction. I still see no specific focus on those small businesses innovating in the vitally important area of Information Technology. And talk of "official" over the counter markets will perhaps remain hollow for some time to come in an environment of a listed securities market and industry dominated by institutional funds and structured to encourage the entry of companies and investors who are by and large anything but new-venture—or risk—oriented. As your editorial pointed out, we are still left despairing over the lack of any suggestions for major tax incentives. I shall not, I think, therefore be throwing out just yet my concept of AGIT—action group on/for information technology—with, inter alia, its dual preoccupations of a UK strategy on this major future industry, and risk-capital for innovation.

It will no doubt also be left to personal initiative to create something which, again, is missing from both ACARD's and Wilson's comments, and, again, which a number of individuals have long been suggesting: the establishing of a distinctly "gambling-oriented" instrument approach (e.g. a "venture capital premium bond") to risk-finance. Individuals will, thankfully, no doubt continue to do what they can in this as in the other areas: but it would be nice just for once if government could demonstrate some daring and get there first.

Dr. Stephen Castell.
Furlongs,
Grange Road,
Wickham Bishops,
Witham, Essex.

Real living standards

From the Managing Director Aviachem Marketing

Sir,—I was interested to read Douglas Jay's article on March 14. It is easy to be confused on statistics, especially when it concerns monetary value. If a figure has to be given in terms of monetary value for comparison of standards of living, it *should be the "take-home"* pay/capita/year less local taxes, less VAT spent per capita. I think such a figure would show gross differences between the standard of living in the various EEC countries.

The true standard of living of people in different countries is a function of the purchases/capita in a year. This gives a completely different idea as to the real standard of living in various countries.

In 1974 the number of cars owned per 1,000 population were:

Benelux	255
France	308
Germany	286
Italy	249
U.K.	265

A figure for the U.S. in 1972 was 424.

Paint is a useful guide to the standard of living in most countries, as it is used in new construction, improving the standard of old buildings and for most manufactured items—except those made of plastics—in general. In 1974, the consumption/capita in kilos was:

Belgium	12.7
Holland	12.1
France	15.0
Germany	19.0
Italy (excluding tempera)	13.2
UK	15.0

The consumption of plastics/capita in kilos for 1975 was:

France	46.0
W. Germany	67.1
Italy	31.6
UK	29.0
U.S.	40.0

The total consumption of food in kilos/capita for 1978 was:

France	638
W. Germany	640
Italy	707
Belgium	609
Holland	672
UK	616

Beers, wines and spirits' consumption in capita/litres for 1978 was:

	Beer	Wine	Spirits
France	44.5	115	7.0
W. Germany	156	230	6.4
Italy	15.8	98	2.5
Belgium	145	16	8.5
Holland	86.5	10.4	7.0
UK	116	7.4	6.0

What is required is a method of assessing the total purchases/capita in each country in terms of weight, numerical units or volume of goods. Then it will be possible to assay how our true standard of living compares with other countries.

When dealing internationally with figures such as GDP and apparent GDP, it must be known how this is calculated. Taxes (such as VAT and income tax) vary in each country. The gross domestic product as far as expenditure is concerned includes, among other items, general Government final consumption, which in 1976 accounted for 24 per cent of the total figure in the UK.

A. K. Unsworth.
Aviachem Marketing,
1, Court Downs Road,
Beckenham, Kent.

Careers in R and D

From Mr. G. Johnson

Sir,—I read with interest the article by Jason Crisp under the heading "Sound advice for would-be job-hunters" (March 6) reporting the findings of MSL Group International that the pursuit of a career in accountancy was likely to have proved more rewarding than a career in research, development and design over the last 20 years. The note by the consultants that R and D is often the first to suffer the axe in times of stress while the demand for accountants has risen steadily over the period can surely be no surprise, the instinct for self-preservation being the driving force that it is. There can be few companies, public or private, which do not have at least one accountant on the board while an appointment at this level of an R and D man or woman would I think constitute a near "first."

In fact the findings of MSL illustrate succinctly the major problems with which industry in this country is faced due to the low status and remuneration of engineers and scientists in relation to other professional groups, compared with the situation existing among our major overseas competitors.

G. Johnson.
203, Ashby Road,
Burton-on-Trent, Staffordshire.

Roads and taxes

From Dr. S. Potter

Sir,—Mr. D. Lindsay (March 2) misunderstands the context of Mr. Cousins and my paper. Our report is entitled "Road tax changes—who gains, who loses?", which about sums up our brief. There had been considerable concern expressed from all shades of political opinion concerning the effects of this new tax scheme upon the less well off. We had to consider this aspect otherwise our research would have been politically irrelevant. As it happens the poor will gain from the change and the rich lose—a very potent political fact.

As to Mr. Lindsay's argument concerning the value of registration of vehicles in transport planning, I trust he realises that vehicles will continue to be registered under the new system also and that there was no question of this ceasing to be the case.

(Dr.) Stephen Potter,
(Research Fellow),
New Towns Study Unit,
The Open University,
Walton Hall,
Milton Keynes

Today's Events

GENERAL

UK: Engineering Employers' Federation replies to engineers' pay claim.

Burnham Committee meeting on teachers' pay.

Mr. Terry Duffy, Amalgamated Union of Engineering Workers' president, speaks at Westminster Chamber of Commerce lunch, London.

Mr. Leslie Huckfield, Industry Under-Secretary; Mr. K. G. Corfield, STC managing director; and Mr. James Prior, Opposition employment spokesman, among speakers at Financial Times two-day conference on "Tomorrow in World Electronics," Grosvenor House, W1.

Mr. Abdel-Halim Khaddam, Syria's Deputy Prime Minister, begins four-day official visit to Britain.

Sir Leslie Murphy, National Enterprise Board chairman, speaks at American Chamber of Commerce lunch, London.

Mr. Peter Shore, Environment Secretary, at Edge Hill by-election meeting, Liverpool.

Overseas: British and Argentinian officials start three days of talks on Falkland Islands dispute, New York.

PARLIAMENTARY BUSINESS

See Parliamentary News on page 9.

COMPANY RESULTS

Final dividends: Banro Consolidated. British Aluminium. Richard Clay. Horizon Midlands. House of Lerose. John I. Jacobs. Liverpool Daily Post. Hugh Mackay. Molins. Parambe. Rockware Group. Thomas Tilling. Tube Investments. W. and E. Turner. Weir Group. Yorkshire Chemicals. **Interim dividends:** *Armstrong* Equipment. Bejam Group. Arthur Bell. Matthew Clark (Holdings). Dawnay Day Group. Maynards. Sirdar. **Interim figures:** Electric and General Investment (nine months figures).

COMPANY MEETINGS

See Company News on page 23.

Clayware division boosts Hepworth Ceramics

A FALL in profits from the refractories section at Hepworth Ceramics Holdings was more than offset by the good performance in the clayware division, and for the whole of 1978 group pre-tax profits came out ahead by £3.69m at a record £30.41m. Turnover was up by over £26m from £220.8m to £249.9m.

At halfway the directors reported a profits increase from £12.81m to £14.88m.

The year's earnings are shown as 15.5p (12.6p) per 25p share and the dividend is stepped up to 3.69p (3.32652p) net with a final payment of 1.935p.

Exports totalled £32.83m against a previous £29.51m.

	1978 £000	1977 £000
Turnover	248,901	220,787
Clayware	88,216	77,771
Refractories	59,309	58,026
Ind. sands, me.	41,343	38,214
Plastics	34,430	27,585
Foundry resins, equipment	14,377	14,397
Engng., misc.	13,761	12,707
Less: interdiv.	5,125	9,333
Depreciation	7,537	7,285
Trading profit	31,300	27,705
Assoc. co. loss	11	28
Interest less inv. income	884	1,011
Profits before tax	30,405	26,720
Clayware	15,141	10,847
Refractories	2,594	8,492
Ind. sands, min.	7,279	5,889
Plastics	3,156	2,531
Foundry resins, equip.	1,000	1,076
Engng., misc.	1,235	985
Taxation	10,902	11,772
Net profits	19,503	14,998
Extraord. debit	185	—
Exchange losses	245	106
Attributable	19,073	14,892
Dividends	4,672	4,152
Retained	14,401	10,740

* Profit. † Goodwill £31,000 on acquisition written off, and £54,000 cost of abortive bid for H. and R. Johnson-Richards Tiles.

See Lex

HIGHLIGHTS

Yesterday Imperial Group sold shares in BAT worth over £150m in the largest placing of stock seen in the London equity market. Lex discusses the reasons for the sale and the impact it may have on the market as a whole. Elsewhere, Lonrho has brought out its offer for SUITS less than a week after receiving the go-ahead from the Monopolies Commission. The shares and cash offer is significantly better than the original bid made last year. Lex also looks at the overall profits trend in the companies sector as estimated in the latest Government statistics. On the company results front a modest advance is reported by Hepworth Ceramics. Elsewhere there are comments on Willis Faber, Inveresk, Metal Closures, Bemrose, Yarrow and Fairview.

G. Spencer down to £454,595

DESPITE IMPROVED second-half taxable profits of £374,595 against £232,973, George Spencer, manufacturer of Vedonis knitwear, ended 1978 lower at £454,595 compared with £536,973.

The much reduced midway surplus of £80,000 (£304,000) included trading losses of £225,000 in respect of ladies' knitwear made under contract in the UK—a temporary employment subsidy restricted these losses to £99,000.

At that stage the directors said they would, "not seek to carry the burden beyond the year-end;" full-time results include provision of closure costs of the ladies UK contract knitwear division.

The directors added in the interim statement that the remainder of the group had good order books and a better second half was expected. But the decision to withdraw from knitwear would involve terminal losses.

Full-year earnings are shown at 3.6p (5p) per 25p share, and the total dividend is lifted from 2.4642p to 2.7517p net with a final of 1.9907p.

ENGLISH ASSOCN. STERLING FUND

English Association Sterling Fund, which is registered in the Channel Islands, is coming to the market towards the end of this month by way of an introduction.

The fund was launched last July. Its funds are invested in Government stocks and money market securities.

Inveresk profit slumps to £0.5m and dividend cut

A TURNROUND from £709,000 profits to losses of £192,000 in the last 28 weeks of 1978, left the full year pre-tax surplus of Inveresk Group well down at £509,000 compared with the previous year's £2.23m.

External sales rose from £70.82m to £75.37m and the result was struck after exceptional debits of £583,000 (£149,000) representing costs, including redundancy payments, incurred in the reorganisation of certain group activities.

Stated net earnings per 50p share slumped to 0.4p (8.5p), or 1.8p (11.1p) on a nil basis and 0.5p (8.1p) fully diluted, while the final dividend is cut from 3.4892p to 1.417p net, which lowers the total payment to 2.834p (4.8642p).

The directors explain that this is in view of the difficulties experienced in 1978, the continuing uncertainties in the paper industry and the recognition that the benefits of the new major investment will not be fully realised in 1979.

Despite an improvement in demand and profitability in the fourth quarter, profit margins remained under pressure throughout the year, they state.

A large part of the profit deterioration resulted from the performance of the group's paper merchanting operation which sustained a substantial loss, a significant part of which arose from reorganisation, including particular difficulties in establishing a major new distribution centre during the second half.

There was also considerable net reduction in profits of the paper and board sector, with some good results being offset by disappointing performances in other areas and by dislocation caused by the major investment programme at Carrongrove Mill.

Elsewhere, the packaging group performed satisfactorily and the stationery sector achieved a good profit increase.

	1978 £000	1977 £000
External sales	75,372	70,875
Depreciation	1,090	985
Rental income	378	321
Interest payable	541	260
Effect of pulp prices fall*	—	900
Profit	1,092	2,373
Exceptional debits	583	149
Profit before tax	509	2,229
Tax	276	533
Net profit	233	1,696
To minorities	5	24
Attributable	188	1,672
Brought forward†	8,287	7,650
Available	8,475	9,322
Dividends	681	1,035
Retained	7,794	8,287

* Estimated. † Restated.

Northfleet Industrial Estate has been revalued at £7.4m and the surplus of £3.8m over original cost has been reflected in the accounts. During the year, further progress was made in letting the remaining space at Northfleet.

On prospects, the directors say 1979 opened with most of the group's operations in possession of good order books, which have been maintained during the first quarter.

Although the selling prices of many of the group's products have recently been raised, further increases in raw material costs and operating expenses are already being incurred.

The severe weather during the first two months of the year affected many of its distribution units and the series of strikes and associated picketing by employees from the oil distribution and road haulage industries caused further extensive disruption to business.

Wherever possible, production was maintained but some output was lost and this, together with severe restrictions on deliveries of raw materials and finished products, will have an adverse effect during the first quarter of the current year, they state.

Although profitability of the group's businesses is always sensitive to general economic conditions, the 1979 results are expected to be largely influenced by the progress made in commissioning the new plant at Carrongrove Mill and the expected improvement in the performance of the paper merchanting operation, which should return to profitability during the course of the year.

● comment

The dramatic drop in Inveresk's profits is the result of troubles both in the paper merchandising and paper-making sectors. Rising prices and falling demand hit the group very hard and, although demand picked up a little towards the year end, industrial troubles compounded Inveresk's problems. The lorry drivers' dispute, union action over manning levels at at the new South East distribution centre and late deliveries bit into the profit margins on the paper merchandising side. Increased competition created considerable difficulties for the group's paper-making activities, as did higher pulp costs caused by the narrowing concessionary discounts of hardening markets and weaker sterling. It is a gloomy picture brightened only by the profitable stationery division which none the less comprises only about 11 per cent of turnover. The shares tumbled 14p to 48p yesterday where the uncovered dividend yields 9 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amal Tin Nigeria ...int.	1	April 27	1	—	2.81
Sidney C. Banks ......int.	1.5	May 18	1.25	—	4
Bemrose Corp.	2.14	June 1	1.91	4.27	3.86
Equity Income ......int.	4.02	June 1	3.96	91	11.39
Fairview Estates ...int.	2.75	April 26	2.5	—	6.31
Hepworth Ceramics	1.94	June 1	1.75	3.69	3.33
Inveresk	1.42	April 27	3.49	2.83	4.86
Lawtex	1.65	May 1	1.5	—	3.22
Ldn. Scot. Finance int.	0.61	May 17	0.51*	—	1.43*
J. & J. Makin ......int.	0.48	April 3	0.44	—	1.73
Metal Closures	2.81	May 21	2.51	4.71	4.21
Park Place ......int.	1	May 11	0.3	—‡	1.12
Phoenix Mining	0.83†	—	0.75	0.83†	0.75
Pressac ......int.	1.02	May 21	0.92	—	3
G. Spencer	1.99	—	1.71	2.75	2.46
Tomatin	2.44	April 27	2.19	3.35	3.03§
Waterford Glass	1.05¶	—	0.74	1.8	1.3
Watmoughs	2.55	April 26	2.86	4.05	3.63*
Western Motor	1.46	July 2	1.34	2.46	2.22
Willis Faber	6.64	May 30	6.13	10.03	9
Parrow ......int.	1.55	June 19	1.7	—	5.15

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special tax payment of 0.03325p. § Final of 1.5p expected. ¶ Total of 18p gross forecast.

Better finish gives Metal Closures £6m

After a second-half upturn Metal Closures Group, the metal and plastics packaging combine, finished 1978 with taxable profits ahead from £5.37m to £5.81m.

The directors say the order book is now the healthiest for the group at this time of the year.

They add that they are quietly confident for the current year. But this is provided that the inflationary effects of national wage settlements and material price increases do not result in lower overall demand for consumer products, and that there is no further domestic unrest.

At the halfway stage, the group saw pre-tax profits fall from £2.52m to £2.47m. But the directors then said the upturn in demand had occurred and they expected it to continue for the remainder of the year.

	1978 £000	1977 £000
Turnover	54,481	50,943
Profit before tax	5,812	5,365
Tax	2,899	2,739
Minorities	187	185
Attributable	2,726	2,441
Extraord. credit	—	161
Dividends	960	861
Retained	1,766	1,741

The year-end profits, achieved on turnover ahead from £50.94m to £54.48m, would have been even more encouraging but for the effects of industrial disputes, say the directors. They add that overseas earnings played a significant part.

The final dividend of 2.8052p net per 25p share lifts the total from 4.2136p to 4.7052p. Attributable profits are up from £2.44m to £2.73m and stated earnings per share are 13.41p (12.06p).

● comment

MC's static first half has been followed by an 18 per cent profits rise in the second six months, thanks largely to more buoyant trading conditions in South Africa and Italy. At home, although demand for closures and flexible packaging was picking up in the wake of the consumer spending boom, the company had labour problems and the consequent fall-off in production probably cost profits at least £0.25m over the year. Overall, there was only a marginal volume gain. Elsewhere overseas royalty income continued to increase in spite of unfavourable currency movements while the benefits of the recent reorganisation in the extrusions division are starting to come through. For the current year there are still too many intangibles to justify much confidence but the healthier order book is clearly a hopeful sign. The shares yield 6.4 per cent at 113p while the p/e is 8.2.

Upsurge in second half lifts Bemrose profits to £2.4m

A SECOND half rise from £623,000 to £1.15m lifted taxable profits of Bemrose Corporation, packaging, printing group, to a record £2.4m for 1978 against a previous £1.78m—a rise of 35 per cent. Turnover was up from £39.9m to £42.02m.

At the halfway stage directors said that prospects for the second half appeared reasonably good.

Earnings per 25p share for the year are shown as 18.59p (14.81p) and the dividend is stepped up to 4.2746p (3.857p) net with a final payment of 2.1373p.

The pre-tax figure is after interest of £490,000 (£382,000) and, subject to tax of £303,000 against £186,000. The attributable balance emerges at £1.92m (£1.47m) after extraordinary debits of £170,000 (£114,000).

● comment

In spite of a small downturn by cartons and flexible packaging, which between them account for a half of group sales, Bemrose's profits are back at record levels. A significant proportion of the 35 per cent profits increase is due to the recovery of the three former loss-makers, with firm growth also coming from the security printing company, the transport ticket business and calendars. But these otherwise creditable results have been marred by the rather disappointing performance of the packaging activities at a time when demand should have picked up as a result of the retail spending boom. The company believes that most of the increase in consumer spending has been directed towards imported products, so there were few, if any, benefits. Interest charges are higher as a result of the £3.6m capital investment programme but borrowings are still a modest 26 per cent of shareholders' funds. At 79p the shares are on a p/e of just over 4 while the yield is a well-covered 8.3 per cent.

ISSUE NEWS

Maddock rights to raise £0.43m: turns in halfway loss

A DEEPLY discounted rights issue to raise £427,718 is proposed by Maddock, earthenware manufacturers, which also announces a turnround from a profit of £82,735 to a loss of £126,936 for the first half to end-December, 1978.

A total of 8.55m new ordinary shares are being offered at a par value of 5p on a one-for-one basis to ordinary holders, and 20 shares for every £7 nominal of the subordinated unsecured convertible stock. The new shares are not being underwritten.

Maddock's listing was suspended in 1976 and cancelled in December last year but dealings are taking place under Rule 163 (2). Last night the price was standing at 27p.

The directors intend to use the proceeds to make some reduction in the existing level of bank indebtedness but the major part will be used for working capital in the UK.

Four of the directors holding around 31 per cent of the share capital have agreed to subscribe for the rights in full.

The directors say that the policy of placing greater emphasis on the expansion of turnover, together with continuing efforts to improve UK productivity, which has taken longer than anticipated, has meant sacrificing profitability in the short term.

The accounts show that first-half sales jumped from £2.93m to £5.09m. The first-quarter deficit amounted to £112,188 but this was reduced to £14,748 in the second three months.

Yearlings up to $11\frac{3}{8}$%

The coupon rate on this week's batch of local authority yearling bonds has been increased from 11 per cent to $11\frac{3}{8}$ per cent. The bonds are issued at par and dated March 26, 1980.

The isues are: Aylesbury Vale District Council (£1m), City of Coventry (£1m), Metropolitan Borough of Bury (£0.25), Nuneaton Borough Council (£0.5m), Corporation of London (£1m), North Warwickshire Borough Council (£0.25), Northavon District Council (£0.25m), South Northamptonshire District Council (£0.5m), London Borough of Enfield (£1m), Llanelli Borough Council (£0.25m), City of Wakefield Metropolitan District Council (£0.25m), Preseli District Council (£0.25m), Cleveland County Council (£0.5m), City of Norwich (£0.5m), Vale of Glamorgan Borough Council (£0.5m), Knowsley Metropolitan Borough Council (£0.5m), City of Carlisle (£0.25m), Strathclyde Regional Council (£1m), Surrey County Council (£1m), City of Cardiff (£0.75m), Newport Borough Council (£0.5m), Borough of Poole (£0.5m) and London Borough of Southwark (£1.5m).

South Yorkshire County Council is raising £0.25m by the issue at par of 12 per cent bonds due on March 18, 1981. Hereford City Council issuing £0.5m $12\frac{1}{4}$ per cent bonds dated March 21, 1984 while Berwick upon Tweed District Council is raising £0.25m variable rate bonds March 21, 1984.

COMPAIR BONDS

CompAir has received commitments from a small group of private lenders for the purchase of U.S.$3m principal amount of its 8½ per cent Convertible Bonds due 1987.

The new bonds will be identical in all terms and conditions to the company's outstanding 8½ per cent Convertible Bonds due 1987 except that they will not be convertible into ordinary shares until on or any time after October 1.

Applications will be made to list the bonds on the London Stock Exchange on October 1. The new bonds are being purchased at a price in excess of their principal amount, and closing is expected to be on April 4.

The net proceeds will be applied to finance the development of CompAir's operation in the U.S. and to repay short-term U.S. bank loans.

Park Place rights issue raising £0.23m

HIGHER PROFITS and turnover for the half year ended December 31, 1978, are announced by Park Place Investments together with a rights issue to raise some £234,000.

The issue is on the basis of one-for-nine at 44p.

An interim dividend of 1p (0.3p) per 10p share is declared and Treasury consent has been obtained to raise the final dividend from 0.8167p to 1.5p making a total of 2.5p against 1.1167p.

On turnover of £1.24m compared with £863,000, profits for the first half rose from £146,000 to £229,000 before tax of £86,000 (£59,000). Earnings per share are shown at 3p (1.5p).

In 1977-78, the group reported pre-tax profits of £409,000.

Willis Faber dips but forecast better year

CABLE PROFITS of Willis er, the insurance broker, fell ntly from £19.56m to 14m for the year to December 1978. The group was hit by problems of the aviation and ine markets and sterling's reciation.

ne decline was predicted by directors at halfway when pre-tax surplus was down £10.83m to £10.51m.

owever, Mr. Ronald Taylor, rman, anticipates that so long xchange rate movements are unfavourable the current 's profits will be higher than for 1978.

come for the year was up £40.46m to £44.22m. But Taylor says growth suffered continuing problems in the ion and marine markets. ne was also hit by sterling's eciation against currencies which foreign brokerage is ed. This reduced income by y £2m, against what it d have been under 1977 itions.

penses—up from £25.82m to 9m — increased due to ion, the investment in new systems and the additional costs of accounting in original currency.

Associates contributed £3.4m (£4.3m). The fall was due mainly to the reduced contribution from Morgan Grenfell (£1.8m) whose profit, although lower than the exceptional 1977 results, still represent a satisfactory performance, says Mr. Taylor.

Tax for the period takes £10.35m, against £10.63m, and after extraordinary credits £94,000 (£538,000) and minorities of £15,000 (£59,000) attributable profits come out at £8.87m, compared with £9.38m. Stated earnings per 25p share are down from 21.85p to 21.68p.

The final dividend of 6.8396p lifts the total from 9p to 10.05p net, for which Treasury approval has been given. The cost of dividends including the preference is £4.12m (£3.7m).

The retained surplus is £4.75m, against £5.68m.

● comment

Willis Faber has done well enough to show pre-tax profits only down a fraction. After all, it is more exposed to the fiercely competitive marine and aviation insurance markets —from which it derives roughly over a third of its business—than the other large brokers. Moreover, Willis has had to struggle to contain expenses. At the half-way stage expenses had threatened to get completely out of hand with a 22 per cent rise against a 13.3 per cent increase in revenue, because of additional costs on its computer systems. But costs have been trimmed and expenses for the full year showed an increase of 13.4 per cent against a rise in revenue of 9.2 per cent. The contribution from associates was sharply lower—over a fifth—with the holding in Morgan Grenfell accounting for £800,000 of the £900,000 downturn. The shares rose 5p to 240p, and stand on a P/E of 10.8. Market interest may be stimulated by any move that Willis might make to merge with another UK broker in the wake of its recent talks with Hogg Robinson.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Armstrong Equipment, Bejam, Arthur Bell, Matthew Clark, Comben, Dawnay Day, Howard and Wyndham, Maynards, New Central Witwatersrand Areas, Sirdar.

Finals — Banro Consolidated Industries, British Aluminium, Richard Clay, Horizon Midlands, House of Lerose, John I. Jacobs, Liverpool Daily Post and Echo, London and Manchester Assurance, Hugh Mackay, Molins, Parambe, Rockware, Tiger Oats and National Milling, Thomas Tilling, Tube Investments, W. and E. Turner, Weir Group.

FUTURE DATES

Interims—	
Burns-Anderson	April 4
Thorpe (F. W.)	March 22
Finals—	
Aquascutum	April 10
Seatwood	March 27
Blackwood Hodge	April 9
Brocks Group	March 27
Empire Stores	April 11
Gibbons Dudley	March 22
Green's Economiser	April 12
Huntleigh Group	April 9
Jourdan (Thomas)	April 2
Ladbroke	April 5
Vosper	March 30
Wace Group	March 27
Weeks Associates	April 20

Pressac ahead in first half

FOR THE first six months ended January 31, 1979, sales of Pressac Holdings rose 24.8 per cent to £4.68m and pre-tax profits were 16.8 per cent higher at £556,082 compared with £476,110 in the same period last year.

While it is too early to predict the outcome for the year, the second half has started well and orders remain at a high level Mr. G. W. Clark, chairman tells shareholders.

Earnings per share for the first half are shown at 5.94p against 5.7p and the interim dividend is lifted from 0.9244p to 1.0168p. The total last year was 3.0012p from pre-tax profits of £1.01m.

In spite of national difficulties, the group's progress is satisfactory, the chairman says. The policy of high investment is being maintained and as anticipated, is providing productive efficiency and quality improvement.

Tax in the half year is provided at the full rate including provision for deferred tax. Consideration will be given at the year end to dealing with deferred tax according to SSAP15.

Fairview Estates surges ahead to £2.34m at six months

INCREASE of 122 per cent taxable profits from £1.05m 2.34m in the half-year to mber 31, 1978, is reported Fairview Estates. And the tors say good progress has made in the transition from ebuilder to a secure erty investment company.

rnover was up from £10.82m 2.22m. No sales of industrial erty or building land took during the period, says Mr. Cope, chairman.

er tax of £234,000 (£84,000), ngs per 10p share are shown ve risen from 9p to 19.6p. net interim dividend is l from 2.5p to 2.75p, at an ased cost of £296,000 ,000)—last year's total pay was 6.307p on pre-tax s of £3.13m.

Cope says there has been lerable success in finalising etting negotiations referred the last annual report, and company's contracted rent now stands at £2.4m a year, per cent increase in the past months.

e company has let all its ng buildings, he says, and mmediate construction prome and several units where ing has not yet started have been pre-let.

ustrial and commercial adequate for the next 2½ are in hand, he adds. her acquisitions will be conred when exceptional opporties arise. The rent reviews shown the improvements ipated, and this calendar will see further progress is respect, he says.

e improved house sales et continues and the relishment of acceptable ins is now consolidated. he says, is reflected in the alf trading profits, and the ok for this division is satisry.

sh generated in the next 18 hs will enable the com's short-term borrowing to educed substantially and the erty portfolio further ged. The long-term finance ully arranged, he concludes, secures the company's financial position.

● comment

Fairview Estates is perhaps enjoying the most interesting stage of its self confessed transition from hybrid housebuilder cum industrial estates developer to mainstream property investment company. The housebuilding activities, which ironically could eventually be hived off or possibly even sold, are clearly benefiting at the moment from the boom in house prices: for instance, whereas the commercial rent roll accounted for roughly three-fifths of the pre-tax total at the last year end the pendulum has probably now swung the other way. Housebuilding, however, is notoriously cyclical and while Fairview is confident about the next 18 months, some change in direction may well be required thereafter. More significantly, reversions are now speeding up the growth in rental income from the group's sizeable property portfolio which unlike many others has emerged relatively unscathed from the traumas of the last few years. Borrowings at roughly £23m may still appear high but with the positive short term cash flow from housebuilding gearing should be substantially reduced in the next couple of years. At 184p and assuming profits for the full year of £5m the shares are on a fully taxed prospective p/e of 8.1, or 4.3 on a 10 per cent tax charge. The prospective yield (assuming a 15 per cent increase) is around 6 per cent.

London Scottish Finance jumps 63% at halfway stage

DESPITE A 45 per cent increase in finance costs to £349,000, taxable profits of London Scottish Finance Corporation surged 63 per cent to £376,465 for the 27 weeks to January 30, 1979, compared with £230,785 for the corresponding 26 weeks of 1977-78.

Mr. R. H. Landman, the chairman, says the improvement was due to a number of factors, but mainly reflected the benefits of the acquisition last year and subsequent rationalisation of the Dupont and Midorco businesses.

Turnover of this Manchester-based personal finance, credit control and specialist banking group, improved from £2.25m to £2.52m. Profits before finance costs rose to £724,465 against £471,785.

The chairman reports that sales of the Dupont properties acquired last year continue to the benefit of the group's cash flow and this has enabled it to repay £500,000 of convertible loan stock to Dow Banking Corporation, a year ahead of schedule.

In addition, the 67 per cent growth in shareholders funds to £2.97m over the last 18 months has enabled the group to substantially increase its profits, at a time when interest rates have risen sharply.

The net interim dividend is effectively lifted 20 per cent from 0.51p to 0.61p per 10p share and the directors intend, under current dividend controls, to recommend a similar rate of increase in respect of the final—last year's payments totalled an equivalent 1.427p on £631,403 pre-tax profits.

Half-yearly tax charge takes £93,000 (£42,000) and the interim dividend absorbs £47,760 (£39,610) leaving retained profits higher at £234,705 against £149,175.

In line with its acquisition policy, the group is acquiring for around £235,000 the debts of Hagley Road Mutual Trading Company, a personal loan business with 12 branches in the Midlands and North-West of England.

In addition, the group has expanded its debt recovery services and in the last two months has placed a further 100,000 individual customer debts out in the field of collection.

A property at its market value of £18,000 has been sold to a settlement of which Mr. C. W. W. Dupont, a director of Dupont Brothers, is a trustee.

More accusations against Saint Piran Board

BY JOHN MOORE

Mr. Max Lewinsohn, and his group which is trying to unseat the present Board of Cornish mining and construction group Saint Piran, accused the Board last night of "its cynical disregard for the matters which really concern shareholders."

Mr. Lewinsohn attacks the Board under various headings. "Can the latest information be true?" he asks of the disclosure by the Board that offshore nominee holdings amounting to 30.5 per cent of the group are the beneficial owners of the shares.

"The Board gives the impression that it knows the beneficial owners. Is this not a remarkable about turn?"

He says that two of the Hong Kong companies' directors and shareholders are Allied Nominees and Corporate Securities. He adds that two of the companies have not even replied, according to the register. He asks whether these companies "are all independent of one another, despite several identical addresses."

Under the heading "where is your money going?" Mr. Lewinsohn alleges that about "£2m that we can identify has been diverted into an associate in Thailand which is controlled by Mr. Raper," an ex-director who several shareholders have felt to have been the real influence behind the company.

"For what conceivable purpose was this done other than Mr. Raper's benefit?"

Saint Piran has dismissed the efforts of the ginger group as an attempt to take the company over through "a publicity campaign."

Scottish Life advances

A very successful year is reported by Mr. R. K. Watson in his chairman's statement on The Scottish Life Assurance Company for 1978. He reports that the company carved out a bigger share in the pensions market for group, individual and personal pensions. In the personal pension sector, new annual premiums were three times above those for 1977, and states that requests for new pen- higher. Although he did not expect 1978's specially favourable circumstances for pensions business to be repeated this year, he states that request for new pensions business had been holding up well.

Premium income during the year advanced 32 per cent from £25.7m to £33.9m, and annuity considerations were more than 2½ times higher at £11.5m, compared with £4.4m. Investment income improved by 18 per cent from £16.7m to £19.7m. Claims rose by nearly 18 per cent from £14m to £16.4m and expenses were 31 per cent higher at £7.8m. Overall, the long-term business fund amounted to £226m at the end of 1978, against £187m at the beginning.

Mr. Watson says the amount of new money available for investment in 1978 was a record £37.1m. Of this sum 41 per cent was invested in gilts, 27 per cent in equities, mostly in the UK, and 21 per cent in property. The balance was used to increase cash deposits. An analysis of assets held at the year end shows £91m in gilts, £15m in other fixed-interest securities, £59m in equities and £49m in property.

Record £10.6m by Waterford

FROM turnover up 16.2 per cent to £116.7m, profits before tax of Waterford Glass increased by 17.9 per cent to £10.6m in 1978.

And so far this year, the group is trading very satisfactorily, the directors report. As usual the demand for crystal and china products far exceeds the capacity of the group to supply.

The final dividend for 1978 is 1.0485p net, making a total of 1.7985p against the previous year's 1.3020p. A one-for-two scrip issue is also proposed.

Earnings per 5p share are shown at 6.08p (4.6p) basic and 5.45p (4.14p) fully diluted.

	Year 1978 £000	*1977 £000
Turnover	116,727	100,470
Profit before tax	10,608	8,997
Tax	2,296	2,826
Net profit	8,312	6,171
Minorities	588	300
Pref dividend	349	403
To capital reserves	111	—
Available ord. holders	7,264	5,468
Interim ord.	937	668
Final	1,310	878
Retained	5,017	3,922

* Adjusted for SSAP12 and SSAP15.

The directors point out that while all divisions of the group performed well, adverse currency movements, particularly in the last quarter, had a serious effect on the revenue and pre-tax profits of the crystal and china division, whose largest market is in North America.

Appropriate price adjustments have been made and profit margins are back to more normal levels.

The pattern of trading in crystal and china retailing does not allow for frequent price changes to keep pace with rapidly fluctuating currency values, so adjustments in prices to rectify profit margins in these areas could only be carried out at the start of the current year.

Reunion profits top £1.8m

PRE-TAX PROFITS of Reunion Properties increased from £1.42m to £1.88m in 1978 including £369,000 against £327,000 from an associated company.

Gross rental income amounted to £2.26m (£2.3m) with £713,000 (£479,000) from the associate.

After tax of £970,000 (£730,000) earnings per share are shown at 3.48p against 2.62p. The final dividend is 5.076p raising the total from 2.346p to 6.034p.

The group's ultimate holding company is Jardine, Matheson and Co. of Hong Kong.

BIDS AND DEALS

HAT acquiring Glass and metal for £5.6m

IN A £5.6m deal HAT Group, the specialist construction subcontractors has agreed to acquire Glass and Metal, the glass merchants and mirror manufacturers.

The directors of Glass and Metal and its major shareholder, British and Commonwealth Shipping—together controlling a near 34 per cent stake—have already accepted HAT's terms.

HAT is offering two of its shares plus 87p cash for each Glass and Metal share. There is an all cash alternative worth 142p per share.

G and M, with factories in London and Bradford manufactures mirrors and supplies glass to the furniture and shop fitting trades. It also makes glass show cases, marine and architectural windows and toughened glass. In the year to October 31, 1978, the group made a £913,804 pre-tax profit.

HAT said yesterday that it intends to merge its own 18 glass outlets into G and M but it does not envisage any other major changes.

It said that the merging of the glass interests would "enable the combined groups to rationalise their glass processing interests" and enable the group to become a more significant force in the glass industry.

HAT supplies materials and specialist services to the construction industry and to public and local authorities. It made pre-tax profits of almost £2.1m in the year to February 28, 1978.

G and M's advisers are Baring Brothers while Robert Fleming has advised HAT.

CRANE UNIT SALE BY ELECTROLUX

Jonsereds AB, a new subsidiary of Electrolux, is to sell its crane division to HIAB-FOCO AB, a Swedish manufacturer of vehicle mounted cranes. The move has employee support.

The Jonsereds crane division covers the Jonsereds forestry programme, subsidiaries CRANAB AB of Vindeln, and Forsbaga Mekaniska Verkstad of Forshaga, wholly owned sales subsidiaries in West Germany, France, Canada and Finland, and a partly owned manufacturing company in Brazil.

TRAFFORD PARK FORECASTS 4.96p

The directors of Trafford Park Estates, in the offer document for H.T. Investments, reveal that they intend to pay a final dividend of 3p net per share for the year ending June 30, 1979. This will make a total for the year of 4.9618p net against 4.6562p for the previous year. The Treasury has indicated that were the legislation to continue in its present form, its consent to this rise would be forthcoming.

On the basis of the offer detailed yesterday, holders of 100 existing ordinary shares in H.T. would receive 90 ordinary shares in Trafford Park, producing on the basis of this dividend forecast an income of £6.67, with the related tax credit at the current rate. This is slightly lower than the dividend received on the H.T. shares for 1979 which amounted with the tax credit to £6.72.

The net asset value of H.T. equity should be 139.5p and not 152p as given yesterday. Also the cash alternative will not be available after April 11.

ARBUTHNOT LATHAM

The sale of Lindshourne, the holding company of the Western Credit Group, to the Royal Bank of Canada by Philadelphia National Corporation and Arbuthnot Latham Holdings has been completed.

Under the terms of the agreement A.L.H. received U.S.$4.15m in respect of its shareholding in Lindshourne and this sum has been converted in the official foreign exchange market into £2.04m.

ENGLISH PROPERTY

Olympia and York, the private Canadian company owned by the Reichmann Brothers, has continued to increase its stake in English Property, which is now 25 per cent. This, together with the 27.9 per cent Eagle Star has conditionally swung behind the bid, will allow Olympia's 60p per share offer to go unconditional unless another higher bid is made by Friday.

STOCK CONVERSION

On March 1 and 2, Equity Trust sold 160,000 shares of Stock Conversion and Investment Trust, making its interest 7,765,000 (25.91 per cent) shares, at the latter date.

Kuwait Investment Office bought 170,000 Stock Conversion shares on March 1 and 2, making its interest 1,760,000 (5.88 per cent).

Following a reconstruction, Taylor Clark, and Criscloe Investments, subsidiaries of Equity Trust, cease to have a declarable interest under section 33 of the Companies Act 1967.

In addition, J. W. Campbell, A. V. C. Astley and F. Roberts, joint trustees in settlements relating to the subsidiaries, also cease to have notifiable interests; J. W. Campbell notifies cessation of non-beneficial interest in 6,365,000 shares at March 2.

600 Group sale to British Steel

Machine tool manufacturer, engineer and steel distributor 600 Group has sold its main steel stockholding subsidiary, Dunlop and Ranken, to the British Steel Corporation in a cash deal worth £2.4m.

British Steel said yesterday that it regarded the acquisition as "an important development in furthering its policy of co-ordinating production and distribution of steel products to the benefit of its customers."

The 600 Group said it did not intend to make a bid," but indicated that it might add to its present holding.

NO PROBE

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer BTZ Chemicals, and United Sterling Corporation to the Monopolies and Mergers Commission.

GENERAL CEYLON

An obligatory unconditional offer of 8p cash per share is now being made for the outstanding capital of General Ceylon (Holdings). This follows the reverse takeover of General Ceylon by Carlton Real Estates and Carlton Estates (London), whose former shareholders now hold 64.27 per cent of the General Ceylon capital.

Mr. L. C. Toppin, a director of General Ceylon, has confirmed that he does not require an offer for the 529,811 shares he holds.

Laurence Prust will make the offer on behalf of Meru Group, whose capital is held by three of the former shareholders of the two Carlton companies.

SHARE STAKES

William Whittingham (Holdings)—Hambros Bank nominees have sold 89,800 shares, reducing holding to 950,000 shares (15.23 per cent).

S and W Berisford—Mr. E. S. Margulies, director, sold 25,000 shares at 210p on March 16.

Moorside Trust—London and Manchester Assurance Company has recently sold 120,200 shares, reducing holding to 473,300 shares (less than 5 per cent).

Steinberg Group — Mr. P. Stanbury sold 24,920 shares on March 12.

Alexanders Holdings—Mr. H. Clayton, director and family interest, on March 14, bought 50,000 shares at 17½p.

Sizewell European Investment Trust—London Trust Company has recently sought 500,000 shares (6.25 per cent).

T. Cowie—T. Cowie, chairman, has sold 50,000 shares at 51½p, reducing interest to 2,402,102 shares.

Wm. Mowat and Sons — B. Linden sold 10,000 shares on March 6, and 10,000 on March 9, leaving holding 45,825 shares (4.6 per cent).

Moorgate Mercantile Holdings—Company has issued 11,359 ordinary shares as consideration for the acquisition of the minority shareholdings in Moorgate Mercantile (Norfolk).

BMCT/David Dixon—Birmingham and Midland Counties Trust has built up its holdings in David Dixon and Son to 29.46 per cent.

Reo Stakis Organisation—Mr. Reo Stakis, chairman, sold 500,000 shares on March 13 to meet personal commitments.

Hawley Leisure — Hoover Trust Fund has acquired 400,000 ordinary shares (6.2 per cent).

R. & J. PULLMAN

R. and J. Pullman has acquired for £918,000 cash the capital of Shareclose, holding company of Skincraft (UK). The consideration as payable as to £768,100 on completion and the balance 12 months later.

The net assets of Skincraft, which has sixteen shops, are some £650,000, including properties at professional valuation.

A circular will be issued to Pullman shareholders giving full details of the purchase. The "Skincraft" shops specialist in sheepskin, suedes and leathers, and their locations range from Brent Cross, London, to Princes Street, Edinburgh.

Announcing Pullman's further expansion, Maurice Hope, the chairman, said: "the 'Skincraft' business had been acquired as from August 1, 1978 and there would be a modest contribution to the group's 1978-79 profits. However, the directors would be looking for a pre-tax profit contribution of at least £250,000 in the year from May 1, 1979.

"Retailing is becoming an important part of the group. Including the 'Skincraft' shops, Pullman now has 39 retail outlets and will be looking to this sector of the business to contribute about 34 per cent of turnover in the year 1979-80."

"The group's policy is to develop its retail activities, and new sites are under negotiation. Since the group acquired C and T Fur Fashions the turnover of that company has increased substantially and it is intended to introduce fur garments to all of the 'Skincraft' shops."

ELLIOTT GROUP

Pentos, the group with interests ranging from garden and leisure products to construction, holds an 8.34 per cent stake in Elliott Group of Peterborough, the systems building specialist and contractor.

Pentos has been buying shares in the group since last November. It has purchased most of its stake at 20p or less.

Pentos said yesterday: "we

● BATS SHARE SALE

Imps clears the decks

BY RICHARD LAMBERT

"Please don't think we are going to jump tomorrow," says Sir John Pile, chairman and chief executive of Imperial Group. The precise timing of the group's disposal of most of its remaining shares in BAT Industries for more than £150m was entirely to do with the stock market, and does not mean that any major diversification move is imminent.

But there is no doubt that the UK's leading tobacco manufacturer is ready and willing to make some substantial acquisitions. Last year, it got rid of its shareholding in Glenlivet Distillers and in Bunzl Pulp, and yesterday's sale leaves it with more than £250m in near-liquid investments. Significantly, Imps keeps these funds quite separate from its operating capital in the balance sheet.

Sir John stresses that Imps will continue to expand its existing activities, with the accent on newer interests. But it should be capable of financing such development largely out of operating cash flow. Imps is not highly geared, with tangible shareholders' funds of £732m and loan capital of £276m, and its liquid resources received a major boost last year after a change in the structure of tobacco duty, which released funds of over £100m.

Imps will also be prepared to make opportunistic bids for businesses in which it is already interested—such as last year's cash offer of nearly £40m cash for the poultry, egg and meat trading company, J. B. Eastwood. Only when Eastwood signalled its willingness to be taken over by accepting an offer from a U.S. company did Imps see that it was available—and jump in with its own successful bid.

But Imps will also be ready to "step a little outside" its current operations in future takeovers. Sir John says. "Although there may still be opportunities for acquisitions in our existing activities, they are limited by monopolistic and other considerations."

Accordingly the group is looking for purchases in "consumer-Oriented activities." Such companies must already produce a satisfactory return on capital employed, and operate in an expanding market place. "And we'd certainly like to see a better geographical spread," Sir John adds, which is not surprising since Imps' overseas activities contributed only a tenth of last year's pre-interest profits of £144m. Like many other big European companies, Imps has for some years been casting longing eyes over the U.S.

Although its current balance sheet gives it special opportunities, Imps is by no means new to the diversification game. It bought Golden Wonder as far back as 1960, and turned it from a small base into a leading company in the savoury snack market.

But tobacco still accounted for 95 per cent of its operating profits as late as 1967, which was when the group started buying food companies in a big way. Ben Sauce, national company, Allied Farm Foods and a string of other smaller purchases followed, and Imps' spending on food company takeovers now exceeds £150m. Then in the autumn of 1972, it lashed out over £300m in shares and loan stock to buy the Courage brewery business.

Behind all this activity lay Imps' anxiety to reduce its very heavy dependence on a single, mature market for cigarettes:

Most of the world's other major tobacco companies—which were also diversifying for all they were worth at about the same time—at least had the comfort of an international spread for their cigarette activities. But Imps, for reasons of history, was almost entirely confined to the UK, where it had captured around two thirds of the market.

Unlike some of its rivals, Imps has not run into any major disasters in its diversification programme. But it has had some disappointments in terms of the immediate returns produced by some of its purchases. Courage for instance, was bought on a p/e ratio of over 20, and is only now beginning to show worthwhile profits growth.

Sir John is convinced, though that "in five years' time people will look back on Courage as a very good acquisition." He adds that Imps will never try to buy something cheap with a view to turning it round. "That's not the sort of thing we are good at."

Overall, Imps is probably now making a respectable return on most of its non-tobacco interests. The food, brewing, and paper and packaging divisions together produced a trading surplus of £90.1m pre-interest in 1977-78 whereas the tobacco side squeezed by price competition—slipped to £66.3m.

But the outlook for the group's tobacco interests has improved. BAT's attack on the UK market appears to have been repulsed, and Imps' market share—which dropped at one stage to 52 per cent—is back up to 58 per cent and climbing. If it wants to preserve the current balance of its business, it is going to have to get back on the acquisition trail.

Western Motor finishes well behind at £240,000

MUCH HIGHER depreciation and interest charges have left Western Motor Holdings well behind for 1978 with taxable profits at £240,276 against a previous £690,390. Turnover was up sharply from £19.66m to £27.43m.

The directors state that trading figures to date reflect the difficulties experienced due to the weather conditions and the uneasy industrial relations climate. Nevertheless, the retail motor side has started the current year well, they add.

At the interim stage, the directors felt that net profits for the full year would be less than those for 1977—in the event they were down from £669,782 to £227,038, after tax of £13,238 (£20,608).

Earnings are shown as 8.88p (27.01p) per 25p share for the year and the dividend is stepped up to 2.45771p (2.23429p) net with a 1.45771p final. Net asset value per share is given as 279p (194p).

Under provisions of SSAP 12 depreciation was provided on freehold and long leasehold buildings, resulting in an additional £39,889 for the year. Overall the charge increased by £446,313 to £774,565 for 1978, arising mainly from fleet expansion and increased cost of replacement vehicles.

There was an extraordinary credit of £140,367 (£225,160 debit) for the period which boosted attributable profits to £367,164, albeit down on the £409,454 for 1977.

A revaluation of group properties during the year realised a surplus over book value of £1.48m, which was credited to reserves.

Western's interests include car retailing, delivery and distribution.

	1978 £	1977 £
Turnover	27,434,471	19,656,178
Trading surplus	1,450,117	1,269,232
Depreciation	774,565	328,252
Interest	435,276	250,590
Profit before tax	240,276	690,390
Taxation	13,238	20,608
Net profit	227,038	669,782
Extraord. credit	140,367	†225,160
Attributable	367,164	409,454
Dividends	59,355	53,622

† Debit.

Rediffusion TV falls at midway

A DROP in taxable profits is reported by Rediffusion Television, a British Electric Traction subsidiary, in the six months to January 28, 1979.

The pre-tax surplus fell from £5.73m to £4.95m on turnover up from £26.95m to £31.63m. For the whole of last year taxable profits were £11.31m on £60.55m turnover.

The directors say the half-year rise in turnover is due to an improvement in the advertising revenue of the subsidiary Thames Television in the six-months to December 31, 1978.

But after a group trading profit decline from £4.46m to £4.31m, interest receivable slumped from £1.4m to £0.98m because of lower income from cash investments. Interest payable went up from £132,797 to £338,465.

After tax and minorities the attributable surplus comes out at £1.43m, against £1.63m. The interim dividend on the £1 ordinary and non-voting A shares is pegged at 15p. The cost is £765,000.

The group's interests are independent television programme contracting and property leasing.

Today's company meetings

BOC International, Chartered Insurance Institute, 20 Aldermanbury, EC, 11.30. Bakers Household Stores, Queens Hotel, City Square, Leeds, 12. Bullough Ltd., 20 Cannon Street, EC, 10.15. Crescent Japan Investment Trust, 4 Melville Crescent, Edinburgh, 12.30. Gopeng Cons., 65 London Wall, EC, 2.30. Ernest Jones, Howard Hotel, Temple Place, WC, 12. Kenning Motor, Manor Offices, Old Road, Chesterfield, 12. Meggitt Holdings, East Cliff Hotel, Bournemouth, 12.30. Nottingham Manufacturing, Botany Avenue, Mansfield, Notts, 10.30. Scottish American Investments, 45 Charlotte Square, Edinburgh, 11. Scottish Mutual Assurance, Central Hotel, Gordon Street, Glasgow, 12. Spencer Clark, Greasborough Street, Rotherham, 11. Union Discount, 39 Cornhill, EC, 12. Unochrome International, Golden Valley Hotel, Gloucester Road, Cheltenham, 3.

Watmoughs advances to £1.1m

FOLLOWING an advance from £300,000 to £403,000 at mid-year, pre-tax profits of Watmoughs (Holdings), colour printer, publisher and process engraver, were a record £1,104,469 for 1978 compared with the previous year's £817,999. Turnover rose from £8.22m to £10.46m.

Although the directors say it is not easy to predict the outcome of the current year, they are encouraged by the continuing demand for the group's services and look forward to a year of further advancement.

From stated earnings of 14.45p (12.26p) per 25p share, the dividend total is effectively lifted from 3.63p to 4.0534p net, with a final of 2.8334p. A one-for-three scrip issue is also proposed.

Tomatin advances

AS FORECAST taxable profits of Tomatin Distillers Co. continued the improvement in the second-half to turn in a surplus of £875,000 in 1978, compared with £731,000 the previous year.

At midway when pre-tax profits were about 13 per cent ahead at £412,000, against £363,000, the directors said they expected the improvement to continue in the remainder of the year. This was based on orders for new whisky already received.

Turnover for the year was up from £10.02m to £12.91m, and after tax of £304,000 (£295,000) attributable profits advanced from £436,000 to £571,000. Stated earnings per 25p share rose from 8.07p to 10.57p.

The net final dividend of 2.4425p lifts the total from 3.0305p to 3.347p.

UK COMPANY NEWS

MINING NEWS

Quebec anxious about Detour

BY PAUL CHEESERIGHT

...E QUEBEC GOVERNMENT ...ging Selco Mining, the Selec... Trust of London subsidiary, ...tart the development of the ...ur copper-zinc-gold deposit ...e north west of the province ...n as possible.

...meeting betwen officials from ...Department of Natural Re...ces and Selco takes place ...month.

...decision on whether to go ...d with the project is ex...ed within days or weeks by ...Government, an official in ...real said yesterday. But, in ...ion, Selection Trust was ...cautious, feling that a de...ment decision was more ...within months.

...e would like the project to ...as soon as possible. And so ...the company," the official "The Quebec Government ...the mining situation around ...vorld is better than a year Now would be a good time ...art."

...noted that the Government ...been interested in the pro... from the start and has spent ...5m (£1.1m) on general ser... in the area, of which ...m was solely for the Selco ...re. The company had spent C$50m.

...e Government's desire to ...a quick start at Detour is ...d to the general develop... of north-west Quebec. A ...provincial-private sector ...ration programme, costing ...n and lasting five years, is in its third year.

...e're looking for ways to ...a new vitality to north-west ...ec. If Selco goes ahead it ...e a good shot in the arm," ...he official.

...added that a start at ...r was also important for ...io. Just over the provincial border, a few miles from Detour, Amoco Canada Petroleum has a gold prospect, which uses the same acces road. If Detour goes ahead, so will the Amoco property.

Relations between the Quebec Government and Selco have always been co-operative, but a development decision made in London will have to take into account wider political issues, not least among them the future of the province itself and its relations with Ottawa.

The group is now at the stage where it can weigh up feasibility studies on the deposit, which contains two zones — A1 with copper, zinc and silver and B zone where a shaft was sunk to reach the copper-silver ore-body.

But there is some doubt about whether Selection Trust has managed to put together a financial package which would allow a quick decision on Detour. It seems likely that the Quebec Government will be asked for even more extensive support than it is has so far given.

The Selection Trust group cannot, in any case, act individually on Detour. A half share in the deposit is owned by Pickands Mather of the U.S. Selco has the option to buy this, Pickands Mather having decided that Detour does not fit into its general strategy of development.

The cost of bringing the deposit to production means that Selection Trust cannot carry a sleeping partner and it is believed in Canada that the group is searching for another joint venturer. Only when this search has been satisfactorily concluded will Selection Trust be able to move decisively on Detour.

...Denison moves into ...otash venture

...SON MINES has bought ...ghts to the potash and salt ...rty of International ...als and Chemical Corpora... Canada) in New Brunswick. ...latter is owned by Inter...al Minerals and Chemicals ...U.S.

...price paid by Denison is ...eing disclosed. The group ...it "will immediately com... sinking of a mining ... Exploration and develop... would be carried out ...ground in 1979 and 1980." ...lowing the successful com...n of this phase, develop... and construction would ...ed in 1981 and 1982. The ...sizeable product would be ...ted to meet the spring ...ser demand in 1983.

...cost is estimated to be ...than C$150m (£63.5m). ...600 will be employed at ...eight of development and ...uction and about 400 in the ...asnent operation."

...project is near the salt ...s in Kings County. The ...Brunswick Government ...d IMC-Canada exploration ...evelopment rights early in ...after which IMC-Canada ...22 exploratory holes. In ...1978, the province ...d the company a mining ...At that time IMC-Canada ...ned of the existence of a ...rade potash deposit but ...d out that additional ...s would be necessary ...any decision could be ...on sinking an exploration

...se studies have progressed ...point where a decision on ...nking of such a shaft can ...e made. But the sale was ...ted by the diversification ...y of IMC-Canada's parent ...ny. IMC has a number of ...projects under way, par...ly in the production of uranium and coal, and in natural gas and oil exploration and development. These capital expenditures, as well as the fact that IMC already produces potash in Saskatchewan and New Mexico set back the timetable for New Brunswick.

It was felt better for all concerned, especially those interested in the economy of New Brunswick, to make the sale to Denison, IMC-Canada said.

● Dome Mines, which last year bought a 10.1 per cent stake in Denison, is planning to split its shares on a three-for-one basis. The last share split was in May 1974.

ROUND-UP

Union Carbide (UK) has acquired a further 75,000 shares in Beralt Tin and Wolfram, bringing its stake up to 15.2 per cent. Beralt is 46.3 per cent owned by Charter Consolidated and has a Portuguese operating subsidiary.

* * *

Phoenix Mining and Finance yesterday declared a dividend of 0.525p for the year to September 1978, compared with 0.75p the preceding year. Net profits were £62,097 against £58,924 in 1976-77. Results of the Worldwide Group, acquired in April 1977, have been disappointing but that the business has been reorganised and it is believed the profits deterioration has been arrested.

* * *

Hunt International Resources is extending its $15 a share offer for Sunshine Mining, the silver producer, until April 2. Sunshine stated it had been having discussions with two separate companies about a major investment in Sunshine stock at a price above $15 a share.

Yarrow ahead at six months

With first half turnover more than doubling from £3.57m to £7.96m, pre-tax profits of Yarrow improved from £767,000 to £905,000 in the six months to December 31, 1978. For the last full year profits totalled £1.4m.

Profit for the first half was struck after investment and deposit income of £296,000 (£303,000), interest on compensation stock £200,000 (nil), profit on sale of investments £88,000 (£302,000) and interest payable £164,000 (nil).

The net interim dividend is stepped up from 1.7p to 1.85p net. Last year's total payment was 5.15p.

Tax for the half year took £418,000 *(£219,000) and the* attributable balance fell from £548,000 to £390,000.

On prospects the directors state that the acquisition of Control Systems is regarded as a significant further step in the group policy of expansion into the field of specialised engineering. They are confident it will make a substantial contribution to the future profit of the group, and will provide a good and increasing return on the initial investment.

Yarrow has also acquired the outstanding 25 per cent shareholding in Ritchie Taylor Engineering Company *(Glasgow); its name has been* changed to Yarrow Engineers (Glasgow).

Both these companies have considerable potential for future expansion and development in their respective engineering activities. A further steady growth in the maritime and engineering consultancy business of Y-Ard is also anticipated.

● comment

Yarrow's mid-term figures are not as significant as the much more important, and still pending, compensation negotiations. The shares, which shed 20p to 370p on yesterday's statement, are in any case buoyed up by speculation on the size of any further Government payout. Talks on this, however, and the company's application for another dividend from previously undistributed and now nationalised shipbuilding profits are obviously not making much headway and the possibility of arbitration Stripping out the first time contribution from Control Systems, trading profits at the half-way stage have actually slipped a little. This reflects marginal but exceptional losses from Yarrow Engineers and a bigger call from group company overheads — in spite of the temporary setback the company's three trading activities are apparently all functioning well. With liquid assets of roughly £8½m-£9½m in the balance sheet Yarrow is also in a position to make further acquisitions without being too dependent on compensation cash. *Companies involved in precision* engineering with applications in electronics (like Control Systems) will be high on the shopping list. Meanwhile the prospective yield of 2.3 per cent fully reflects the market's long term hopes.

Investment switch costs to be covered by KU

BY TERRY GARRETT

KEYSER ULLMANN, investment manager to Throgmorton Secured Growth Trust, has borne the cost of reversing the trust's earlier switch of investment from Transport stock to the longer dated Gas stock.

Stockholders in Throgmorton were informed last October in the company's report and accounts that the investment managers had sold some £4.57m nominal of British Transport 3 per cent stock 1978-88 to purchase £6m of British Gas stock 3 per cent 1990-95. The consideration for the switch amounted to just over £3m.

A number of stockholders and the trustee objected to the deal on the grounds that the trusts's investment policy, as spelt out in the 1967 prospectus, did not allow the managers to switch out of the Transport stock.

The trustee of the capital stock and the managers of Throgmorton had been in discussions since last November without coming to an agreement.

However yesterday the investment managers announced that the Gas stock had been sold and the proceeds reinvested in Transport stock. The reversal has been done at no loss to the trust, but the managers, Keyser Ullmann, have covered the loss which is described as "not a lot of money."

The managers now say that the full £12½m of Transport stock will be held until maturity unless capital stockholders agree otherwise. The position now is exactly the same as if the switch had not taken place.

They add that the dividends on the ordinary shares for the current year will total not less than those paid for the year ended July 1978.

...wtex profit ...wnturn

...its before tax of Lawtex, ...g and umbrella maker, ...down from £246,471 to ...38 in the six months ended ...ber 30, 1978 on turnover of ...compared with £6.14m.

...directors attribute the ...e in profitability, mainly to ...ability to increase output ...enough to meet the ...ubted demand."

...order load is high but ...gh the rate of sale is ...ving again, it is likely the ...l half results will continue ...fer from the pressure on ...ns, the directors say.

...t half earnings per share ...own at 7p against 11.5p; ...net interim dividend is ...d up from 1.5p to 1.65p— ...ear's total was 3.223p from ...x profits of £502,000.

Yorkshire Bank leasing growth

Leasing finance provided by Yorkshire Bank in 1978 was 50 per cent higher at £12m, the bank's general manager, Mr. Graham Sutherland, said yesterday. Leasing had not exhausted the bank's taxable capacity, he said. "We would have had to get to about £16m before that would happen." The finance had gone in the main to local authorities and large "Blue Chip" companies.

Yorkshire Bank's reported pre-tax profit comes out over 20 per cent higher in 1978 at £14½m. The bank has not adopted the new accounting rules recently agreed upon by the big London clearers.

RESIDENTIAL PROPERTY

LEGAL NOTICE

No. 00815 of 1979
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of DURAFENCING (NORTHERN) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 15th day of March 1979, presented to the said Court by WESTERN SOFTWOOD LIMITED whose registered office is at Songhenydd, Nr. Caerphilly, CF8 2WD, in the County of Mid Glamorgan, Timber Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of April 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TROWER, STILL & KEELING,
5, New Square, Lincoln's Inn,
London, W.C.2.
Ref: RGW/AJB.
Tel: 01-405 3613.
Agents for: J. N. B. Sparks,
Bedminster, Bristol BS99 7JR.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in afternoon of the 27th day of April 1979.

EDUCATIONAL

PUBLIC NOTICES

CITY OF WESTMINSTER London Borough Bills amounting to £111 million were issued on 20 March 1979, for maturity on 19 June 1979. Applications totalled £317½ million. The minimum price of accepted tenders was 97.21 and 23.87% of the issue was allotted at this price. The average rate of discount was 11.128326%.
No other Bills are outstanding.

GREATER LONDON BILLS
£25m Bills issued 15.3.79 maturing 14.6.79 at 10.9259%. Total applications £161.5m Bills outstanding £60m.

SOMERSET COUNTY COUNCIL
£2m bills issued 21.3.79 at a rate of 11¹⁄₁₆% p.a. to mature 20.6.79. Total applications were £9m and these are the only outstanding bills.

TRAVEL

COMPANY NOTICES

THORN ELECTRICAL INDUSTRIES LIMITED (CDRs)

The undersigned announces that as from 28th March 1979 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 3 of the CDRs Thorn Electrical Industries Limited, each repr. 50 shs., will be payable with Dfls. 7.30 (re interim dividend 1978) 3.6p per share. Tax credit £0.8866 = Dfls. 3.62 per CDR. Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.
Amsterdam, 13th March 1979.
AMSTERDAM DEPOSITARY COMPANY N.V.

THE CONVERTIBLE BOND FUND N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Shareholders in the Fund are advised that payment of the final distribution of US$0.22 per share has been approved and will be made against presentation of Coupon No. 21 on and after Wednesday, 21st March, 1979, at the offices of the Paying Agents, Citibank N.A. New York, Amsterdam, Beirut, Brussels Frankfurt, London, Milan and Paris and Banque Internationale a Luxembourg S.A., Luxembourg.
Dividend warrants are being despatched by post to holders of registered shares.
By Order of the Board of Management.
Curacao.
21st March, 1979.

SPANISH 4% EXTERNAL LOAN (1974) ISSUE

The coupons due 1st April 1979 may be presented for payment at BANCO ESPAÑOL EN LONDRES, S.A., 60 London Wall, London EC2P 2JB, between the hours of 10 a.m. and 2 p.m.
London,
21st March, 1979.

SPAREKASSEN SDS
U.S. $ 25m.
8¼ per cent capital notes 1982

Holders of the above notes are advised that the annual report and accounts for the year ended 31st December, 1978, of Sparekassen SDS are available at the offices of Manufacturers Hanover Limited, 8 Princes Street, London EC2P 2EN, and at the offices of the other paying agents set out on the note certificate.

FRAB-BANK INTERNATIONAL

U.S.$25,000,000 FLOATING RATE NOTES 1978-1985
According to the terms and conditions of the above mentioned Notes the interest rate applicable for the interest period of six months beginning March 20th, 1979, has been fixed at 11⁷⁄₁₆% per annum.
BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme
TRUSTEE

THE GRESHAM STREET DOLLAR FUND N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Shareholders in the Fund are advised that payment of a distribution of US$0.10 in respect of the business year ended 31st December, 1978, has been approved. Dividend warrants are being despatched by post to holders of registered shares.
By order of the Board of Management
Curacao.
21st March, 1979.

MEMORIAL SERVICE

A MEMORIAL SERVICE for Mr. Walter Cronk will be held today at St. Helen's Church, Great St. Helen's, London, E.C.3 at 11.30 a.m.

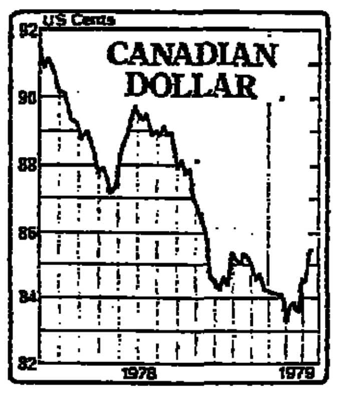
Companies and Markets

CURRENCIES, MONEY and GOLD

Pound recovers

STERLING REVERSED the previous day's trend in the foreign exchange market yesterday, regaining slightly more ground than it lost on Monday, while the Canadian dollar eased slightly after its recent rise. On Monday it was suggested that the strength of the Canadian dollar may have prompted the pound's fall. The major buying of sterling came from Switzerland—the same centre responsible for the earlier selling—although it was not clear whether this came from a third party, possibly in the Middle East.

The pound opened at $2.0230-2.0235, the lowest level of the day, and rose to around $2.0300 at midday. In the afternoon it touched $2.0340-2.0350, and closed at $2.0320-2.0330, a rise of 90 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, rose to 64.9 from 64.6, after standing at 64.8 at noon and 64.6 at the start.



The dollar traded within a very narrow range, and showed little change on the day against most other major currencies. It was unchanged at SwFr 1.6830 against the Swiss franc; eased to DM 1.8625 from DM 1.8630 against the D-mark, and to Y207.10 from Y207.25 against the Japanese yen. On Bank of England figures, the dollar's index fell to 84.7 from 84.8, while its trade-weighted depreciation narrowed to 8.4 per cent from 8.6 per cent, according to Morgan Guaranty of New York.

In the European Monetary System the Italian Lira remained the firmest currency, but was still quoted well within its 6 per cent upward limit. The lira stood at L450.90 against the D-mark, compared with a central rate of L458.137; and at L1,706.75 against the Irish punt (L1,735.8 central rate); L417.85 against the Dutch guilder (L422.754); L28.53 against the Belgian franc (L29.15); L195.60 against the French franc (L198.37); and L161.91 against the Danish krone (L162.32). In terms of European Currency Units, based on individual performances against central rates, the lira was stronger than the D-mark by 1.42 per cent; the punt by 1.82 per cent; the guilder by 0.89 per cent; the Belgian franc by 2.00 per cent; the French franc by 1.19 per cent; and the Danish krone by 0.20 per cent.

MILAN—The lira gained ground against the dollar and EMS currencies at he fixing, while sterling and the Swiss franc held firm after downward trend in recent days. Trading was active, with foreign banks joining Italian commercial bankks in selling dollars against the lira. At $73.7m the official rading in dollars was the heaviest at the fixing so far this year. The dollar fell to L839.45 from Monday's fixing of L841.70, while the D-mark declined to L450.38 at the fixing, from L451.09, and the Danish krone to L161.64 from L161.76. Sterling was fixed at L1,703.60, firmer than he Irish pound, at L1,702.20.

FRANFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8626 against the D-mark, compared with DM 1.8648 previously. No definite trend was noted, wih the U.S. currency little changed from late Monday and early Tuesday levels. Sterling was fixed at DM 3.7820, slightly above the Irish punt at DM 3.7810. The Duch gilder was steady at DM 92.67 per 100.

TOKYO—The dollar eased in uneventful trading, closing at Y207 22½, compared with Y207.77½ on Monday. After opening at Y207.40, the U.S. currency drifted down to Y207.25 at the end of the morning, and showed little change between Y207.20 and Y207.30 in the afternoon. The slight decline was atributed o selling pressure from foreign banks, wih the Bank of Japan staying out of the market, after persistent intervention to support he yen over he las week or so.

THE POUND SPOT AND FORWARD

March 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0230-2.0350	2.0320-2.0330	0.42-0.32c pm	2.18	0.72-0.62 pm	1.32
Canada	2.3565-2.3775	2.3760-2.3770	0.40-0.30c pm	1.77	0.80-0.70 pm	1.26
Nethlnd.	4.06-4.09½	4.08-4.09	2¼-1¾c pm	6.24	5¾-4⅞ pm	5.26
Belgium	59.45-59.95	59.80-59.90	30-20c pm	5.01	75-65 pm	4.68
Denmark	10.48-10.55½	10.53¾-10.54¾	2¼-¼ore pm	1.42	2 pm-par	0.38
W. Ger.	3.76½-3.80	3.78¼-3.79¼	3½-2½pf pm	8.32	7¾-6¾ pm	7.46
Portugal	97.05-97.90	97.45-97.85	30-100c dis	−7.99	90-220 dis	−6.14
Spain	140.05-140.50	140.35-140.45	10c pm-40c dis	−1.28	par-120 dis	−1.71
Italy	1698-1707	1705¼-1706¼	2¼-¾lire pm	1.23	3¼-1¾ pm	0.64
Norway	10.31½-10.38	10.36-10.37	4½-2½ore pm	4.34	8-6 pm	2.70
France	8.67½-8.73½	8.72-8.73	4¼-3¼c pm	5.16	9½-8½ pm	4.24
Sweden	8.83½-8.88½	8.87-8.88	3½-1½ore pm	3.38	8¼-6¾ pm	3.27
Japan	417-425	420½-421½	2.30-2.65y pm	7.91	7.70-7.45 pm	7.20
Austria	27.60-27.80	27.22-27.77	22-12gro pm	7.35	52-42 pm	6.78
Switz.	3.40-3.43	3.41¾-3.42¾	4¼-3¼c pm	12.71	10¼-9¼ pm	11.83

Belgium rate is for convertible francs. Financial franc 60.50-60.60. Six-month forward dollar 1.22-1.12c pm: 12-month 2.35-2.25c pm.

THE DOLLAR SPOT AND FORWARD

March 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	2.0230-2.0350	2.0320-2.0330	0.42-0.32c pm	2.19	0.72-0.62 pm	1.32
Ireland	2.0230-2.0350	2.0320-2.0330	0.42-0.32c pm	2.19	0.72-0.62 pm	1.32
Canada†	85.60-85.78	85.60-85.62	0.5-0.3c dis	−0.56	0.8-0.3 dis	−0.21
Nethlnd.	2.0080-2.0100	2.0080-2.0100	0.75-0.65c pm	4.18	2.22-2.12 pm	4.32
Belgium	29.42-29.44	29.42-29.43	9-8c pm	3.47	25-23 pm	3.26
Denmark	5.1815-5.1865	5.1840-5.1865	0.15ore dis-0.35pm	0.58	0.75-1.25dis	−0.77
W. Ger.	1.8610-1.8625	1.8610-1.8620	1.03-0.93pf pm	6.32	3.00-2.90 pm	6.34
Portugal	47.95-48.08	47.98-48.08	35-50c dis	−10.62	100-165dis	−11.03
Spain	69.02-69.19	69.02-69.07	5-15c dis	−1.74	25-35 dis	−1.74
Italy	835.55-840.50	840.00-840.50	0.35-0.75lire dis	−0.78	1.25-1.75dis	−0.71
Norway	5.0985-5.1010	5.0985-5.0995	1.25-0.75ore pm	2.35	2.10-1.80 pm	1.45
France	4.2880-4.2925	4.2910-4.2925	1.22-1.12c pm	3.27	3.12-2.97 pm	2.83
Sweden	4.3640-4.3670	4.3660-4.3670	0.80-0.60ore pm	1.92	2.40-2.20 pm	2.11
Japan	207.00-207.30	207.10-207.30	1.00-0.85y pm	5.36	3.00-2.85 pm	5.65
Austria	13.64½-13.65½	13.64½-13.65½	6.75-6gro pm	5.60	20½-18½ pm	5.71
Switz.	1.6805-1.6820	1.6805-1.6815	1.55-1.45c pm	10.71	4.50-4.40 pm	10.59

† U.S. cents per Canadian $.

CURRENCY RATES

March 19	Bank rate %	Special Drawing Rights	*Europ'n Currency Unit
Sterling	13	0.634019	0.666845
U.S. $	9½	1.28484	1.34862
Canadian $	11¼	1.49928	1.57519
Austria Sch.	3¾	17.5606	18.4557
Belgian F.	6	37.8578	39.7439
Danish K.	8	6.67924	7.00542
D mark	3	2.39597	2.51491
Guilder	6½	2.58574	2.71424
French Fr.	9½	5.51775	5.79166
Lira	10½	1081.51	1134.19
Yen	3½	266.990	279.906
Nrwgn. K.	7	6.55911	6.88606
Spanish Pes.	8	—	93.3651
Swedish Kr.	6½	5.61025	5.89415
Swiss Fr.	1	2.16367	2.27310

** The European Unit of Account has been replaced by the European Currency Unit, which has the same value.*

CURRENCY MOVEMENTS

Mar. 20	Bank of England Index	Morgan Guaranty changes %
Sterling	64.9	−39.5
U.S. dollar	84.7	−8.4
Canadian dollar	80.6	−17.1
Austrian schilling	146.9	+19.6
Belgian franc	114.5	−14.9
Danish kroner	118.2	+6.9
Deutsche Mark	150.4	+41.8
Swiss franc	194.9	+81.8
Guilder	125.8	+21.0
French franc	99.3	−6.3
Lira	54.4	−49.1
Yen	139.4	+37.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER MARKETS

Mar. 20	£	$		£ Note Rates
Argentina Peso	2300-2310	1132-1136	Austria	27¼-28¼
Australia Dollar	1.8125-1.8165	0.8920-0.8940	Belgium	60-61
Brazil Cruzeiro	45.55-46.55	22.40-22.90	Denmark	10.45-10.55
Finland Markka	8.06-8.10	3.9750-3.9850	France	8.64-8.74
Greek Drachma	73.368-75.154	36.10-37.00	Germany	3.70-3.88
Hong Kong Dollar	9.92½-9.94½	4.8830-4.8930	Italy	1,680-1,730
Iran Rial	149.40-155.50	73½-76½	Japan	418-428
Kuwait Dinar (KD)	0.563-0.563	0.2720-0.2770	Netherlands	4.00-4.10
Luxembourg Frc.	59.80-59.90	29.43-29.45	Norway	10.28-10.38
Malaysia Dollar	4.4710-4.4810	2.2000-2.2050	Portugal	92-98
New Zealand Dlr.	1.9760-1.9310	0.9720-0.9500	Spain	139.50-144.50
Saudi Arab. Riyal	6.75-6.85	3.3210-3.3700	Switzerland	3.38-3.45
Singapore Dollar	4.42¾-4.45¾	2.1785-2.1830	United States	2.0200-2.0300
Sth. African Rand	1.7084-1.7198	0.8408-0.8460	Yugoslavia	40½-42½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Mar. 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.033	3.788	421.0	8.725	3.423	4.085	1706.	2.377	59.85
U.S. Dollar	0.492	1.	1.863	207.1	4.293	1.684	2.010	839.2	1.169	29.46
Deutschemark	0.264	0.537	1.	111.2	2.304	0.904	1.079	450.4	0.627	15.80
Japanese Yen 1,000	2.375	4.828	8.996	1000.	20.72	8.129	9.703	4052.	5.645	142.2
French Franc 10	1.146	2.330	4.341	482.5	10.	3.923	4.682	1955.	2.724	68.60
Swiss Franc	0.292	0.594	1.107	123.0	2.549	1.	1.194	498.4	0.694	17.49
Dutch Guilder	0.245	0.498	0.927	103.1	2.136	0.838	1.	417.6	0.582	14.65
Italian Lira 1,000	0.586	1.192	2.220	246.8	5.115	2.006	2.395	1000.	1.393	35.09
Canadian Dollar	0.421	0.855	1.594	177.2	3.671	1.440	1.719	717.8	1.	25.18
Belgian Franc 100	1.671	3.396	6.328	703.4	14.58	5.718	6.825	2850.	3.971	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.40-10.50 per cent; six months 10.75-10.85 per cent; one year 10.75-10.85 per cent.

Mar. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	12⅝-12¾	10⅛-10⅜	9-10	6⅜-6⅝	⅛-¼	4⁷⁄₁₆-4⁷⁄₁₆	6¾-7	7-10	—	8⅞-16½
7 day's notice	12⅝-12¾	10¼-10½	9-10	6⅜-6⅝	⅛-¼	4⁵⁄₁₆-4⁷⁄₁₆	6¾-7	10¼-11¼	10⁵⁄₁₆-10⁷⁄₁₆	4⅜-5⅛
Month	12½-12⅝	10⅜-10⅝	10¾-11⅛	6⅜-6⅝	⅛-¼	4⅜-4⁹⁄₁₆	7⅛-7¾	11-13	10½-10⅝	4⅞-5¼
Three months	11¾-11⅞	10⅞-11⅛	11⅟₁₆-11⅟₁₆	6⅝-6⅞	¼-⅝	4½-4⅝	7⅞-8⅛	11½-12½	10⅞-11⅟₁₆	4⅞-5¼
Six months	11⅟₁₆-11⅜	10⅞-11⅟₁₆	10⅞-11⅟₁₆	6¾-7	¾-⅞	4¹¹⁄₁₆-4⅞	8⅝-8⅞	12¼-13¼	11-11⅛	4⅞-5¼
One year	11¼-11⅜	10⅞-11⅟₁₆	10⅞-11⅟₁₆	7-7¼	1⅛-1¼	5-5⅛	9⅛-9⅜	12½-13½	10⅞-10⅞	4⅜-5⅛

Long-term Eurodollar deposits: two years 10¼-10½ per cent; three years 10⅜-10⅝ per cent; four years 10⁷⁄₁₆-10⁹⁄₁₆ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

French rates move

The rate at which the Bank of France buys paper, when intervening in the market, was increased yesterday from 6⅝ per cent to 6¾ per cent. This became apparent when the authorities bought FFr 7.3bn at 6¾ per cent. The rate was previously moved in early December last year when it fell by ¼ per cent. At that time call money stood at 6½ per cent and it gradually declined until about two weeks ago when it rose again to stand at 7 per cent yesterday.

At the same time as yesterday's increase, however, the Bank lowered its discount rates on one and three-month Treasury bills to 6¾ per cent and 7¼ per cent respectively, both showing a fall of ¼ per cent. Six-month rates were left at 7¾ per cent. Discount rates were previously changed about two weeks ago when increases were made to bring official rates more in line with market rates.

Longer term money rates were quoted at 6⅞-7 per cent for one-month, unchanged from Monday, while three-month money rose to 7¼-7½ per cent from 7⅟₁₆-7³⁄₁₆ per cent. Six-month money was unchanged at 7⁷⁄₁₆-7⁷⁄₁₆ per cent as was the 12-month rate at 7⅞-8 per cent.

FRANKFURT—Interbank money rates showed very little change yesterday, and although call money eased to 4.2-4.4 per cent from 4.3-4.5 per cent, the one-month rate was unchanged at 4.20-4.30 per cent and the three-month rate at 4.35-4.45 per cent. Six-month money was static at 4.50-4.70 per cent as was 12-month at 4.95-5.05 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 7⅛-7⅜ per cent were quoted at 7½-7⅝ per cent against 7⅝-7⅞ per cent for one-month and 7⅞-7¾ per cent for three-month. Six and 12-month rates stood at 7⅞-8⅟₁₆ per cent and 8⅛-8½ per cent respectively, both unchanged from Monday.

AMSTERDAM—Call money fell slightly yesterday to 6½-6¾ per cent from 6¾-7 per cent on Monday while longer term rates were unchanged on balance. One-month money was quoted at 7-7¼ per cent against 7-7½ per cent and the three-month rate stood at 7-7½ per cent against 7-7½ per cent. Six-month money was also at 7-7⅛ per cent from 7-7½ per cent.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 13 per cent (since March 1, 1979)

Day to day credit was again in short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills and a small sum of corporation bills, all direct from the discount houses. Total assistance was termed as large. Discount houses were paying around 12¾ per cent for secured call loans at the start and closing balances were taken in the region of 12-12½ per cent. The market was faced with a fairly large excess of revenue transfers to the Exchequer over Government disbursements and a small increase in the note circulation.

On the other hand banks brought forward balances a very small way above target and clearing banks received funds in respect of purchase and resale agreements of British Government stocks with the Bank of England.

In the interbank market overnight loans traded at 12½-12¾ per cent for a greater part of the day. Interest rates reflected the firmer trend in sterling with three-month Treasury bills easing to 11⅛ per cent from 11¼ per cent and three-month eligible bills at 11⁹⁄₁₆ per cent compared with 11⅝ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 20 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	12½-12¾	—	—	—	—	12-12¾	—	—	—
2 days notice	—	—	13-13½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12¾	13-13½	—	13	13	12½	—	—	—
One month	12⅝-12⁷⁄₁₆	12½-12⅝	12⅝-12⅞	12½-12¾	13	12⅞	12¼	11⅛-11¼	12⅝	12¾
Two months	12⅜-12⁷⁄₁₆	12¼-12⅜	—	12¼-12⅝	12¾	—	11⅝	11⁷⁄₁₆-11¼	12⅟₁₆-12⅜	12⅝
Three months	11⅛-11⁵⁄₁₆	11⅞-12	12⅛-12⅜	11½-11⅞	12½	12¼	11½	11⅛-11⁵⁄₁₆	11⅝-11¾	12
Six months	11-11⁷⁄₁₆	11⅝-11¾	11¾-12	10¾-11⅛	11⅞	—	—	—	11-11⅛	12¼
Nine months	11⅜-11¼	11½-11⅝	—	11⅛-11½	11¾	—	—	—	—	—
One year	11¼-11⅜	11⅟₁₆-11⅝	11⅞-12¼	11⅛-11½	11¾	—	—	—	—	—
Two years	—	—	12-12⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12⅜-12⅝ per cent; four years 12¼-12⅞ per cent; five years 12½-12⅝ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⁹⁄₁₆-11⅝ per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11⁵⁄₁₆ per cent; two-month 11⁵⁄₁₆-11¼ per cent; three months 11-11⅛ per cent. Approximate selling rate for one-month bank bills 12⅝-12²¹⁄₃₂ per cent; two-month 12⁵⁄₁₆-12⅜ per cent; and three-month 11¹⁵⁄₁₆-11⅝ per cent; one-month trade bills 12¾ per cent; two-month 12¾ per cent; and three-month 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 10.8299 per cent.

GOLD

Slight rise

Gold rose $¼ to $242¾-243½ in very quiet trading ahead of the U.S. Treasury auction. It opened at $242-242¾, and eased to $241½-242¼ in the morning, rising to the highest level of the day at the close. The krugerrand's premium over its gold content widened to 8.69 per cent from 8.29 per cent for domestic delivery, and narrowed to 2.82 per cent from 2.93 per cent in the international market.

In Paris the 12½ kilo gold bar was fixed at FFr 33,790 per kilo ($244.98 per ounce) in the morning, compared with FFr 33,895 ($245.39) previously.

In Frankfurt the 12½ kilo bar was fixed at DM14,540 per kilo ($242.76 per ounce), compared with DM14,600 ($243.51) previously.

	Mar. 20	Mar. 19
Gold Bullion (fine ounce)		
Close	$242¾-243½ (£119.4-119.7)	$242⅛-243¼ (£119.6-120.24)
Opening	$242-242¾ (£119.0-119.5)	$243¾-244½ (£120.2-120.6)
Morning fixing	$242.00 (£119.159)	$243.85 (£120.501)
Afternoon fixing	$242.10 (£118.986)	$243.25 (£119.807)
Gold Coins, domestically		
Krugerrand	$262¼-266¼ (£129-131)	$261-265 (£129-131)
New Sovereigns	$68-70 (£33⅛-34½)	$68¼-70¼ (£33¾-34¾)
Old Sovereigns	$75-77 (£36¾-37¾)	$76¼-78¼ (£37¾-38¾)
Gold Coins, internationally		
Krugerrand	$249-251 (£122¾-123¾)	$249-251 (£123-124)
New Sovereigns	$63¼-65¼ (£31-32)	$63½-65½ (£31⅜-32⅜)
Old Sovereigns	$75-77 (£36¾-38¾)	$76¼-78¼ (£37¾-38¾)
$20 Eagles	$314-319	$312-317
$10 Eagles	$171-176	$171-176
$5 Eagles	$121-126	$121-126

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.0625
Treasury Bills (13-week)	9.50
Treasury Bills (26-week)	9.48
GERMANY	
Discount Rate	3
Overnight Rate	4.3
One month	4.25
Three months	4.40
Six months	4.60
FRANCE	
Discount Rate	9.5
Overnight Rate	7
One month	6.9375
Three months	7.1875
Six months	7.375
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.825
Bills Discount Rate	4.625

هكذا من الأصل

The Afrikander Lease Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT—1979

The directors submit their report on the operations of the company for the half year ended December 31 1978. The report includes comparative figures where applicable in respect of the half year ended December 31 1977.

Exploitation of Afrikander Lease Mineral Rights

The following is the text of a joint announcement, published in the press on March 19 1979, by this company and Vaal Reefs Exploration and Mining Company Limited:

"The directors of The Afrikander Lease Limited (Afrikander Lease) have, for some years, been considering the most profitable way in which the company can exploit its orebody. The most attractive of the proposals considered is one whereby Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs) acquires the right to exploit the main block over which Afrikander Lease holds mineral rights in return for a royalty based on revenue, providing Vaal Reefs starts mining operations as soon as possible. After examining a number of possibilities, the directors of Afrikander Lease and Vaal Reefs have negotiated the arrangements set out below. The proposed arrangement has been accepted after discussion with the Government departments concerned and will be submitted to the shareholders of both companies for their approval.

Over a wide range of uranium prices, levels of production and other operating parameters this royalty arrangement should give Afrikander Lease a more attractive financial return than if the company itself were to raise the additional monies necessary to finance an independent mine. The directors of Afrikander Lease therefore recommend that shareholders should accept the proposed arrangement with Vaal Reefs. The arrangement would have the additional advantage of not requiring the Afrikander Lease shareholders to subscribe for further capital and yet should result in an earlier flow of dividends.

On the basis of the same range of parameters as that used for Afrikander Lease, the proposed arrangement is estimated to give Vaal Reefs a favourable return on its investment and is therefore recommended by the Vaal Reefs directors.

The proposed arrangement is that Afrikander Lease should lease its main block of mineral rights to Vaal Reefs. In return for this, Vaal Reefs would finance the entire capital requirements of the proposed mine and would pay Afrikander Lease, during the productive life of the mine, an annual royalty on the following basis:

(a) A basic royalty of five per cent of gross revenue derived from the sale of minerals obtained from mining the area. If the profit, as defined below, were five per cent of revenue or less in any one year, then a royalty equivalent to the entire profit would be paid to Afrikander Lease (but subject to a minimum royalty of R50 000 per annum).

(b) If the profit in any year, as defined below, exceeds 30 per cent of gross revenue, then an additional royalty would be payable, calculated on the basis of the formula

$$Y = 50 - \frac{1\,500}{X},$$

where 'Y' represents the percentage of revenue payable as additional royalty and 'X' is the ratio of profit to revenue, expressed as a percentage.

(c) For the purposes of (a) and (b) above, "profit" is defined as working profit after deducting capital expenditure other than that required to establish the mine at a production level of 50 000 tons milled a month or to increase the level of production at a later date.

No state's share of profit would be payable by Vaal Reefs in respect of profits from the new mine. Profits would be taxed at the rate applicable to a post-1973 gold mine in Vaal Reefs hands, after taking the royalty into account. The royalty in the hands of Afrikander Lease would be taxed at the normal company rate.

Mining operations would begin in December 1979 at about 15 000 tons of ore a month, which would be transported to Vaal Reefs for treatment. Providing this occurs, Vaal Reefs would be able to obtain immediate tax relief on capital expenditure incurred by it in respect of the project. This factor would considerably improve the financial return on capital invested over that which could be obtained if Afrikander Lease were to mine the deposit itself.

Meanwhile, a separate treatment plant for the recovery of uranium and gold would be constructed by Vaal Reefs at the site of the new mine for commissioning during the first half of 1981, after which treatment at Vaal Reefs' existing plant would cease. The capacity of the new plant would be 50 000 tons a month milled, this throughput being attained about twelve months after commissioning. Thereafter the average annual production is expected to be about 385 metric tons of uranium oxide and 460 kilograms of gold.

It is proposed that Vaal Reefs secures consumer finance, as part of the arrangements to be made for the sale of uranium to be produced from the new mine, or loans from other sources, in order to minimise the effect on its dividends of the capital expenditure to be incurred on the project. Thereafter, the dividend pattern should be improved as soon as the new mine attains full production.

In the light of the extent of potential ore reserves within the main block to be leased to Vaal Reefs which could support a much larger operation, the directors of Vaal Reefs have accepted a further recommendation by the technical advisers that the design of the new mine should incorporate features which would enable the scale of operations to be easily expanded should circumstances warrant it. These features have been catered for in the siting and the modular design of the treatment plant and in other surface infrastructure.

Further details of the proposed arrangement will be contained in circulars to be sent to the shareholders of both companies on April 4 1979. Additional copies of such circulars may be obtained thereafter from the companies' share transfer offices. The two companies will hold General Meetings on April 26 1979 at which this arrangement will be put to their respective shareholders for approval.

Following the suspension of dealings in the shares of Afrikander Lease and Vaal Reefs on March 14 1979 the Johannesburg Stock Exchange and The Stock Exchange in London have been requested to reinstate dealings in the shares of both companies with effect from Monday March 19 1979."

Financial Results

Net expenditure for the six months ended December 31 1978 amounting to R236 000 (1977: R558 000) has been capitalised and charged to mining assets.

There were no commitments at December 31 1978 (1977: R85 000).

Dividends

No dividends were declared or paid during the six months under review.

Subsidiary Company

The company's wholly-owned subsidiary, Western Klerksdorp Investments Limited, has no assets or liabilities and consequently a group interim report has not been prepared.

All the mining rights formerly held by the subsidiary are in the course of being registered in the name of the company, after which an application will be made for the deregistration of Western Klerksdorp Investments in terms of Section 73 (5) of the Companies Act 1973.

For and on behalf of the board
D. A. ETHEREDGE, J. S. HAMMILL — Directors

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Johannesburg
March 21, 1979

THE NEW STYLE OF THE DALGETY GROUP

BY TERRY OGG

Wider still and wider

FOR DALGETY, a long metamorphosis is coming to an end. It entered the chrysalis stage as a London-based pastoral finance house with its main interests in Australia and New Zealand, and is emerging as a self-styled world agricultural products group.

The pace of change, initially very slow, has gathered momentum. Largely by acquisition, group assets have grown and the geographical spread of operations now spans most of the Anglo-Saxon world. In the past two years the expansion has led to two major share issues, and a ten year bank facility aimed at assisting further expansion in the U.S.

In the 12 months to November 30, 1978 some 26 separate investment or divestment decisions have been made and most of them are implemented or on the way to completion.

The internal management changes over the past four to five years have been no less dramatic and, in the process, the management objectives have undergone equally significant changes.

At the moment, the long term objective is to build an international group of companies in food and agriculture with activities evenly balanced between its three main operating areas — Australia/New Zealand, the UK and North America.

Fifteen years ago the aim was to become a substantial Pacific Basin merchant and trader. Ten years ago the goal was to develop as a loosely knit group of regionally independent operations.

The one consistent theme in these rather disparate growth programmes is the desire to reduce group exposure to the cyclical nature of the rural products of Australia and New Zealand.

The Pacific Basin concept was essentially an expansion of the traditional agricultural merchanting activities. The aim was to widen the spread of commodities handled and increase the geographical area covered. To this end Dalgety acquired Balfour, Guthrie and Co. of San Francisco plus its Canadian associate, Balfour Guthrie (Canada) in 1966.

But the plan was short lived. A letter from the Bank of England in 1966 asking Dalgety to be a party to a voluntary ban on moving sterling abroad spelt an end to the company's traditional role of financing expansion in the antipodean agricultural sector with funds raised on the London markets.

After discussing but rejecting the possibility of moving to Australia, Dalgety embarked upon its regionalisation programme. The aim was to set up operations that were independent within each of the economies in which it operated. That meant the financing burden was shifted to the regions and efforts were made rapidly to expand the UK activities so that dividends could be paid to UK shareholders without repatriating funds from the regions.

Cyclical swing

The group hoped to balance the cyclical swings in operations within regions by expanding into other activities in the same region.

The theory did not work in Australia where a severe rural downturn in the mid-1970s coincided with the bursting of the property speculation bubble and a general downturn in industrial activity.

The slump was so bad that the Australian activities failed to contribute profits in three of the past four years. In the first half of 1978-79 there was a £900,000 pre-tax profit contribution from Australia and the company expects an overall profit for the year.

The experience led to the genesis of the latest plan which is designed to achieve a centrally controlled world agri-products group.

The appointment of Mr. David Done as chairman of the company 15 months ago strengthened the hand of the centralists within Dalgety. The new chairman drafted the company's constitution, setting out the powers and duties of parent board directors, their relationship with the chief executive and with the various regions.

Each region still has its own powers of authority and runs the day-to-day operations. The document also spelled out in clear terms the criteria by which the regional management would be judged.

Since 1974 there has been a gradual beefing up of financial reporting requirements and a streamlining of management communications. The small head office staff has begun to request more general industry information from the regions and is currently exploring a "trip ratio" management control system.

According to Mr. Andrew Turner, group chief executive, trip ratios help the company to assess the quality of the financial data being fed back.

Using the livestock business in Australia and New Zealand as an example of how trip ratios work, he says that in those countries operators supply figures regularly to an independent agency. The agency compiles industry performance figures and gives each operator the totals and averages enabling it to assess its relative position.

For management purposes, the group is still structured on a regional basis which still produce consolidated regional reports for the parent board. But the group has also been divided into 45 profit centres, some of which may cross the traditional regional boundaries, and each of these also report to headquarters, every month.

Financial plans are initiated in the regions but are closely scrutinised and criticised by head office. The plans arrive at the London headquarters in Upper Grosvenor Street early in the New Year. A headquarters executive examines them and prepares a critique. The plans plus the critique are presented to a meeting of all regional chief executives and some of the line managers.

The area in which the most fundamental management shift has been made is in investment. In the past, investment and divestment decisions were made by regional management and approved by the parent board.

This practice led to the rather disjointed approach to acquisitions during the group's big diversification drive from 1971 to 1975. Head office has decided to strengthen its influence by appointing a group executive responsible for overseeing and co-ordinating the programme.

Overall plan

The group has been divided, for investment purposes, into the sterling and the non-sterling businesses. The overall plan is to have 66 per cent of assets in non-sterling operations and to do that by building up North American activities. At the end of June last year, the spread of assets was UK 36 per cent, North America 14 per cent, New Zealand 23 per cent and Australia 27 per cent.

The restructuring of the asset spread will be through a build up in North America rather than a run-down of the antipodean activities. It underlines a theme already expounded privately by Dalgety's management that its main new investment interest is focused on North America generally and the U.S. in particular.

At the beginning of the 1960s Dalgety made its first tentative move away from the Australia/New Zealand pastoral scene. By the end of that decade it still had in excess of 80 per cent of its profits and revenues coming from that area.

At the beginning of the 1970s the plan was to develop the regions and make them independent within the economies in which they operated. As the decade ends the group has switched again, to a scheme this time which aims at balancing the swings of the rural cycle by broadening the geographic and commodity spread.

In doing that it has constantly looked for companies that are relatively large and which have a substantial share of their existing markets.

While this policy has added to the asset base and profits of the group it has given rise to concern among City analysts that growth is too closely linked to semi-autonomous commodity cycles that can produce bumper profits, drastic downturns or all shades of figures in between. With most subsidiaries already substantial entities in their respective markets there is also a feeling that there is little prospect for organic growth beyond that of the industry itself, and that to maintain profit momentum the group will need to continue, at least in the short term, to grow by acquisition.

Dalgety is still saddled with the investments made during the reign of those earlier aims and the market is watching to see if its new "agribusiness" programme can produce the consistent growth in earnings per share that management is seeking.

Marinus van Roymerswaele

NORTH AMERICAN NEWS

Bank control guidelines agreed

BY STEWART FLEMING IN NEW YORK

ALMOST FIVE MONTHS after the Carter Administration launched its voluntary wage and price control policy, the Council on Wage and Price Stability has published guidelines aimed at bringing financial institutions, including commercial banks, under the controls.

The five-month delay reflects the difficulty of devising a system for financial institutions which will not create chaos in the conduct of monetary policy by interfering with market trends in interest rates.

The Administration has succeeded by requiring financial institutions to meet guidelines based not on the price of money or interest rates, but on their rate of return measured in relation to either their average assets or shareholders funds.

Financial institutions will be expected during the 1979 calendar year to hold their rate of return to the average of the best three of the past five calendar years. If they cannot meet that test then they are asked to restrain any increase in dividends to shareholders to a rise of 7 per cent and to "avoid any increase" in non-interest service charges.

While the applications of any form of controls to their companies will not please bankers and executives at other financial institutions, most observers are concluding that the form which the Administration has come up with will not be too-onerous.

It is pointed out, for example, that in the past two years commercial banks have experienced perhaps the most profitable operations in several decades and that, therefore, the average rates of return have been high. In many cases banks will have been experiencing some decline in rates of return (although not necessarily in profits) this year anyway.

Those that do have to opt for a dividend restriction, it is pointed out, may not feel unduly penalised since many bankers are anxious to build up their capital base. And to the extent that they can argue to shareholders that it is the government's fault that dividends are not being increased more quickly, that is all to the good.

Canada wants U.S. talks on new auto plants

By Victor Mackie in Ottawa

THE CANADIAN Government wants to begin discussions as soon as possible with the United States to try to terminate the bidding war which has developed between the two countries for new auto plants.

However, at the same time Mr. Jack Horner, the Industry Minister, has announced that the Canadian Government will continue to offer incentives to the industry until some agreement has been reached between the two governments.

While initial discussions have taken place on the problem, Mr. Horner said the Canadian Government will not stand by while substantial investment is lost as a result of incentives available in other countries.

The bidding war began last summer when Ontario successfully persuaded Ford Motor to locate a plant in Windsor, Ontario, rather than build it in the United States. The Ontario Government provided an incentive grant of C$68m (US$58.3m). The State of Ohio at that time had been also dangling incentives.

The Canadian Government paid C$40m of the grant to Ford.

The Quebec and Federal governments have offered General Motors a total of C$78m to build a C$500m aluminium die-casting parts plant in Quebec. So far, General Motors has not taken up the offer. Mr. Horner said: "The Government's position is that its involvement in competitive subsidisation with the U.S. Federal, state or municipal Governments is a costly no-win proposition for this Government." He pointed out in a recent interview that such intervention in the investment decision-making process leads to uneconomic decisions.

Mr. Horner has released a package of Federal proposals for the automotive industry. It is a response to a recent Royal Commission as well as to a labour and management study group in the industry.

The package includes new incentives to encourage research and development by parts manufacturers in Canada. It also announces that there will be no attempt to renegotiate the 14-year-old auto trade pact in spite of a large trade deficit with the U.S.

Philadelphia sues Firestone

PHILADELPHIA — The City of Philadelphia filed suit in U.S. District Court here against Firestone Tire and Rubber and its auditor, Coopers and Lybrand, charging them with fraud and violations of securities laws.

The allegations are similar to charges made in a class action suit against Firestone, its officers and its auditor, that was filed last August by a Brooklyn, New York, Firestone shareholder.

According to Mr. Richard D. Greenfield, attorney representing Philadelphia, the City claims that it lost more than $280,000 on its purchase of Firestone securities. The securities, totalling more than $1m were purchased for employee pension funds between January 1972 and July 1978, he said.

AP-DJ.

SW Bell tests the market

BY OUR NEW YORK CORRESPONDENT

SOUTHWESTERN BELL Telephone, a subsidiary of American Telephone and Telegraph, yesterday launched a $450m 40-year debenture on the New York bond markets, priced to yield 9.65 per cent, by an underwriting syndicate led by investment bankers Goldman Sachs.

The issue, which matches in size, the largest bond issue by the Bell Telephone system, is a benchmark issue for the market, and its reception is being closely watched by investors.

In some quarters, there is suspicion that the issue has been priced too aggressively, but others argue that the terms offer investors a 60 basis point spread in yield over long-dated Government bonds which are yielding around 9.05 per cent. On these grounds, they argue that the yield should be attractive, especially since some institutional investors will decide to sell Government stock to dealers and use the proceeds to invest in the new Bell issue.

The yield on the new Bell issue is slightly below the peak hit in this interest rate cycle. That was registered at the end of last month, when South Central Bell sold a 40-year triple-A rated debenture at a yield of 9.66 per cent.

The Bell issue hits the market as investors are anxiously watching the Federal Reserve for signs of any change in its monetary policy. The Fed's open market committee was meeting yesterday to plan its strategy for the month ahead.

Meanwhile, in Washington, the failure of the Senate to act on a proposal to increase the Federal Government's debt limit promises to interrupt, albeit temporarily, the Government's financing programme. The Treasury is not now expected to proceed tomorrow with an auction of $2.88bn of two year notes.

Arco believes upturn will continue

LOS ANGELES — Atlantic Richfield expects to show a continued improving trend in net income, Mr. Joseph P. Downer, executive vice-president, said yesterday.

He made no forecast of first-quarter or full-year earnings. Arco earned $6.60 a share, up from $5.75 in 1977. Analysts are currently forecasting Arco's 1979 net between $7.50 and $7.70 a share.

Arco has been experiencing "somewhat better margins" and its Anaconda aluminium and copper operations have been strong.

The executive said Arco favours phased decontrol of U.S. crude oil prices. If this were implemented U.S. crude oil prices could be brought up to world oil prices by 1981.

"Windfall profits" could be ploughed back into new capacity. Some oil companies may show sharp increases in quarterly earnings. However, Mr. Downer it is the pricing mechanism that will bring more efficient use of energy.

He commented that $1 for a gallon of gasoline will not do much to demand. However, he said, if gasoline were to go to $2 a gallon then it would "nudge the nation to use more efficient automobiles."

There would have been a gasoline supply problem even without Iran, because there has been a "significant refining capacity shortfall." Demand for gasoline has risen "robustly."

In the annual report Arco said it will increase capital expenditures this year to $1.80bn from $1.40bn in 1978.

Arco said its current investments will generate adequate cash flow to meet most future capital requirements as well as dividends and debt service.

The use of debt will depend on future activities, but maintaining a strong financial position will be a top priority. The present debt-to-equity ratio will be reduced over the next few years.

Reuter

EG and G sees sharp rise

NEW YORK — EG and G the electronics and components group, expects first quarter earnings to be "at least" 25 per cent higher than the 40 cents a share reported a year ago, and predicts its full year net profit to be 20 per cent over the 1978 result of $2.45 a share.

Mr. Bearnard J. O'Keefe, the chairman, said first quarter sales will rise about 15 per cent from $97.7m a year ago, with full year sales rising 25 per cent from $440.5m in 1978.

Mr. O'Keefe noted that the company had repurchased about 1.5m shares of its approximately 7m shares outstanding last year.

The company wrote off about $200,000 last year in outstanding payments from Iran for various types of instruments, but EG and G expects to continue to sell mechanical seals to Iran refineries.

Mr. O'Keefe said EG and G is seeking acquisitions for cash but is not currently involved in any active discussions with any potential candidates.

Reuter

RESULTS IN BRIEF

General Mills gains over nine months

DESPITE A turndown in the third quarter, when net earnings fell by 10.6 per cent to $22.7m, General Mills, the food, clothing and stores group, has pushed earnings for the first nine months to $116.7m, a gain of 9.2 per cent over the comparable period the previous year.

Share earnings rose from $2.14 to $2.32 a share, and sales for the nine months were 16.8 per cent higher at $2.85bn. Third-quarter sales of $846.9m showed a 14 per cent gain.

The company said that Ship 'n' Shore, acquired in 1977, showed a pre-tax loss of $11.9m for the nine months and a loss of $17.5m for the third quarter. This was chiefly attributed to heavy returns of autumn and holiday merchandise due to late shipments to retailers, and major adjustments in valuation of inventory taken in the third quarter. These problems are non-recurring, the company said.

Mr. E. Robert Kinney, the chairman, repeated the prediction of better earnings in the second half of the year.

For the full year, Allied Stores Corporation has pushed net earnings ahead from $73.8m to $82.3m, or from $3.78 to $4.08 a share, on sales of $2.08bn against $1.91bn. The final quarter brought earnings of $31.2m or $2.52 against $47.9m or $2.43 a share on sales of $728.0m against $657.4m.

Meanwhile K Mart Corporation, reported year end earnings of $343.7m or $2.74 against $297.8m or $2.39 a share, on sales of $11.7bn compared with $9.94bn. In the fourth quarter net profits increased from $124.6m or 99 cents a share to $160.4m or $1.27 a share on sales of $3.87bn against $3.18bn.

Pillsbury, the food and restaurant group, turned in net earnings for the first nine months of $61.5m or $3.51 against income from continuing operations of $55.7m or $3.17 a share.

The comparative figure included a gain of $1.2m on sale of discontinued operations which made a final net of $56.9m.

The third quarter brought in $15.5m income from continuing operations or 88 cents a share against $14.2m or 81 cents. Sales of $478.6m compared with $404.9m.

Ohio Edison reports net income for the 12 months to February of $87.1m or $1.18 a share against $108.7m or $1.82, on revenues of $883.3m compared with $812.3m.

American Telephone and Telegraph reports a gain of 9 per cent in fourth-quarter earnings from $1.19bn or $1.78 a share to $1.31bn or $1.89 a share. Annual earnings improved from $4.64bn or $7.05 a share to $5.55bn or $7.81 a share.

Net income for the period was reduced by $22.29m or 3 cents a share against $16.86m or 2 cents a share previously. This, said the directors, reflected the likelihood that Pacific Telephone and Telegraph will be found ineligible for federal tax benefits of accelerated depreciation and investment tax credits for 1974 and subsequent years.

Thomson Newspapers has benefited from growth in the U.S. which helped boost 1978 earnings by 19.4 per cent, from C$47.4m or 95 cents a share to C$56.6m or C$1.13 a share. Revenues rose by 19.6 per cent, from C$256.3m to C$306.5m.

Fourth quarter earnings of Jewel Companies, the supermarkets group, rose from $10.23m or 88 cents a share to $16.64m or $1.47 a share, boosting profits for the year ended February 3 from $26.59m or $2.29 a share to $41.14m or $3.59 a share. Sales for the latest period were $122.4m higher at $952.6m, raising the year's total from $3.28bn to $3.52bn.

Improved gross margins helped Levi Strauss, the clothes manufacturer, increase net earnings for the first quarter from $32.69m or $1.48 a share to $37.74m or $1.72 a share.

Agencies

IFI in takeover bid for Fingest

By Paul Betts in Rome

INSTITUTO Finanziario Industriale (IFI), the Agnelli family financial company which owns the largest single shareholding of 30 per cent in the Fiat group, is understood to be negotiating the purchase of Fingest, the financial company controlled by the Milan-based chemicals conglomerate Montedison.

The Milan chemicals group, which is expected to report a loss of just under L150bn ($78m) for 1978 next month, has for some time indicated it proposes to sell Fingest.

Although Fingest is generally regarded as one of Montedison's best assets, the decision stems from the group's urgent need of liquidity. Indeed Montedison, with debts of more than L3,000bn, is also considering selling a series of other assets to raise fresh funds.

Fingest's portfolio includes a shareholding in the Subalpina di Torino Bank and a number of active insurance companies. Montedison is understood to hope to raise between L140bn and L150bn from the sale.

However, another financial company, Generalfin, is also reported to be interested in Fingest and negotiations have apparently already started between Generalfin and Montedison.

At the same time, Montedison's new Arab shareholder, the Paris-based Banque Arabe et Internationale d'Investissement (BAII), acting on behalf of Mr. Ghaith Pharaon, the Saudi Arabian financier, has an option to buy a 20 per cent shareholding of Fingest.

This was part of the original agreement between the Arab bank and Montedison when BAII decided to subscribe some L50bn of Montedison's recent capital increase and take a 10 per cent stake in the Milan chemicals group. However, BAII is understood to have reserved its 20 per cent option in Fingest until the financial company's eventual new shareholders are known.

Montedison already disposed some 18 months ago of its subsidiary banking company, Banco Lariano, to the Turin-based Instituto Bancario San Paolo in a deal negotiated by Fingest.

SGB expects to maintain performance

By Giles Merritt in Brussels

THE SOCIETE GENERALE de Belgique, the largest of Belgium's financial and industrial groupings, has warned that in spite of some signs of economic improvement in Europe in early 1979 it does not expect its results this year to be much different from those of 1978.

M. Paul-Emile Corbiau, the governor of Societe Generale de Belgique yesterday told the shareholders' ordinary annual general meeting: "We have good reasons to believe it will be comparable to the year just ended." He noted the renewal of activity in some of Belgium's main trading partners, particularly West Germany, but added that it would be premature to give any opinion of the strength or duration of this trend.

M. Corbiau pointed out that the group's 1978 profits, which were virtually unchanged from the previous year's level of BFr 1.185bn ($38.1m), resulted chiefly from dividends from portfolio securities. He stated that there has been "a significant increase" in the value of the group's portfolio and shareholdings, for at the end of 1978 they amounted to BFr 20.7bn, with the surplus on their break-up value standing at BFr 6.35bn as against BFr 3.99bn at end 1977. He added that as of March 15 this year the surplus had risen to BFr 7.72bn.

Swiss franc appreciation hits earnings at Sandoz

BY BRIJ KHINDARIA IN GENEVA

SHARP decline in sales and profits are announced by Sandoz, the third largest pharmaceutical group in Switzerland and the latest industrial company in this country to display the scars engendered by the foreign exchange markets.

Net earnings for 1978 have emerged a full 27 per cent lower at SwFr 156m ($93m) having been affected "severly" by the appreciation of the franc. The bulk of sales at Sandoz arise outside Switzerland — notably in the U.S.—and pre-currency translation they rose by 11 per cent. In franc terms, turnover showed a decline of a tenth.

Clearly the strength of Swiss currency markets has been a substantial constraint on declared profits. The group's valuation losses rose steeply last year to SwFr 127m from SwFr 80m. Shareholders are, however, to receive a maintained dividend of SwFr 65 a share.

A Sandoz statement said that the group did manage to keep the adverse effects of exchange rate movements within "reasonable limits." They were offset by higher unit sales volume, more productivity and strict cost control. Foreign currency denominated spending was also reduced.

Investments in fixed assets last year totalled SwFr 233m, 9 per cent higher than in 1977. Spending on research and development fell by SwFr 28m to SwFr 378m as a result of changed exchange rates, but remained at almost 9 per cent of turnover. Group employees fell by 437 to 35,168.

The group's dominant product remains pharmaceuticals. In 1977, this division accounted for 48 per cent of overall turnover with 28 per cent arising from dyes and 11 per cent from food. The U.S. was the biggest single contributor representing more than a quarter of total sales.

Losses accumulate for Reksten

BY FAY GJESTER IN OSLO

NORWAY'S crisis hit Reksten tanker group, for which a new $160m loan facility was recently arranged by Hambros Bank, has announced 1978 losses which bring the group's total accumulated loss at end 1978 to NKr 790.3m ($158m).

Of the two companies in the group, the larger, Trajan had losses of NKr 231.5m, compared with NKr 232.6m in 1977, bringing its accumulated loss to NKr 564.4m. The other company Hadrian lost NKr 91.3m last year, compared with NKr 92.3m, bringing its accumulated loss to NKr 225.9m.

The boards of the two companies say that they intend to continue operations, on the basis of their agreements with creditors and the loan guarantees provided by the state-backed Norwegian Guarantee Institute. They point out that the market value of their vessels rose considerably in 1978, although it is still below book value. They believe that the ships will have "good earning capacity" in the future, and that the two companies will be able to meet their obligation to creditors.

Hambros is the leading creditor of the Reksten group. Although it has not disclosed the extent of its indebtedness, this is believed to be around $100m.

The Reksten report mentions a scheme for maintaining tanker freight rates initiated some years ago by a group of Scandinavian shipowners, but now dropped. The idea was to organise a large number of independent tanker owners in a group, to be known as International Tanker Services, which would keep rates up by agreeing to mothball tankers when charters offered by oil companies fell below a certain level. The report says that the scheme had to be abandoned last year, because of inadequate support.

Mr. Hilmar Reksten, 81-year-old founder of the group, has now retired from its leadership and did not sign the 1978 report.

Exceptional profits at DG Bank International

BY OUR EUROMARKETS STAFF

DG BANK International, Luxembourg, which acts as the Euro-currency banking offshoot of DG Bank of Frankfurt, said profitability in its first business year exceeded expectations, with loan, money market, foreign exchange and bond trading operations contributing to the results.

The equivalent of DM 8m ($4.3m) resulting from the operating profit in the nine months to the end of 1978 was used to provide for contingencies in order to strengthen the capital base.

The remaining profit after tax will be allocated to the legal reserve.

By the end of 1978, DG International's balance sheet total was LuxFr 56.2bn ($1.2bn), with a total net worth amounting to LuxFr 1.45m.

Dane shipping group cuts payment

By Hilary Barnes in Copenhagen

SHIPPING company DFDS announces an increase in the dividend from 12 per cent to 15 per cent despite a considerable reduction in earnings last year. Parent company operating profits after depreciation fell from DKr 130.1m to DKr 99.9m, and net earnings after tax and allocations dropped from DKr 115.1m to DKr 72.8m ($13.9m). Sales increased from DKr 931m to DKr 1.03bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	83½	84	−0⅛	−0¼	9.90
CECA 9¾ 84-99	50	95¼	96¼	0	−0¼	9.82
Canada 9 83	400	98	98½	0	−0¼	9.70
Canada 9¼ 98	350	96⅛	96⅝	+0⅛	−2⅜	9.90
Canadair 8½ 83	70	95¼	95¾	+0⅛	+0⅛	9.87
Dominion Bridge 9 86	25	93¾	94¼	+0⅛	0	10.22
Dow Chem. O/S 9⅜ 94	200	97	97½	0	0	9.98
EIB 9⅛ 98	125	94	94½	0	−0⅛	10.03
EIB 9⅜ 86	150	99½	100	+0⅛	+0⅛	9.91
EIB 9⅞ 98	100	99⅞	100⅜	+0⅛	+0⅛	10.10
Export Dv. Cpn. 9.85 84	150	100½	101	0	+0⅛	9.88
Export Dv. Cpn. 9⅜ 84	100	97⅜	97⅞	0	+0⅛	9.87
Eksportfinans 9 86	50	95⅞	96⅜	+0⅛	+0⅛	9.73
Finland 9 88	100	94⅜	95⅛	0	−0⅜	10.06
Finland 9½ 86	100	97¼	97¾	+0⅛	0	10.01
GTE Fin. 9½ 84	50	97⅞	98⅜	+0⅛	0	9.99
Gould Int. Fin. 9⅝ 85	50	99⅝	100⅛	+0¼	+0⅜	9.77
Hospital O/S 9 83	25	96⅞	97⅛	−0¼	0	9.79
Hudson Bay Co. 10 94	50	100¼	100¾	+0⅛	−0⅛	9.93
Itel Finance 9¾ 90	30	94½	95	+0⅛	0	10.54
J. C. Penney 8½ 83	100	95⅞	96⅜	0	+0⅜	9.60
Manitoba 9½ 89	75	96¾	97¼	0	0	9.99
Nat. West. 9 86	75	96⅜	96⅞	+0⅛	0	9.65
New Brunswick 9⅜ 94	75	97½	98	+0⅛	−0⅛	10.04
Newfoundland 10 94	50	98⅜	98⅞	0	−0⅛	10.18
Norsk Hydro 9⅛ 94	50	94⅞	95⅜	0	0	9.88
Norway 8¾ 83	150	97	97½	+0⅛	+0¼	9.77
Norway 9¾ 84	150	100⅜	100⅞	0	+0⅛	9.81
Portland 10 84	50	97¼	97¾	+0⅛	+0⅜	10.70
Quebec Hydro 9½ 93	50	96⅜	96⅞	0	−0⅛	9.94
Redland Fin. XW 9½ 91	25	91¾	92¼	+0⅛	+0⅛	10.72
Sears Roebuck 9 82	150	98⅜	98⅝	+0⅛	+0⅜	9.65
Stockholm 9¾ 94	60	99½	99⅞	+0⅛	+0⅜	10.07
UK 8½ 85	200	95¼	95¾	−0⅛	−0⅜	9.68
UK 8⅞ 93	150	94⅞	95⅜	+0⅜	+0⅜	9.73

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	96	96½	−0⅜	−0⅜	6.11
Argentina 6½ 88	150	93⅞	94⅜	+0⅛	−0¼	7.35
Australia 6 88	250	99¼	99¾	0	−0⅜	6.06
Austria 5½ 90	150	92¾	93½	+0⅛	+0⅛	6.61
Banco Desarrollo 7¼ 86	100	98⅛	98⅝	−0⅛	0	7.58
Bankamerica 5¾ 90	150	97¾	98¼	0	0	5.99
Bq. Ext. Algerie 7¼ 85	100	96¾	97¼	+0⅛	+0⅜	7.81
Brazil 7¼ 87	150	100¼	100¾	+0⅜	+0⅛	[illegible]
CECA 6 88	150	97	97½	+0⅛	+0⅜	6.39
Ch. Manhttn. O/S 6 93	100	99	99½	−0⅛	−0¼	6.08
Commerzbank XW 3½	100	81½	82¼	+0⅛	+0½	6.71
Copenhagen City 6 90	75	92	92¾	+0⅛	+0¼	6.97
Council of Europe 6¼	130	96⅞	97⅜	−0¼	+0½	6.66
Denmark 5¾ 85	100	96⅜	97¼	0	+0¼	5.37
Denmark 6½ 89	100	97¼	97¾	0	+0⅜	6.87
EIB 6 90	300	93¼	93⅞	+0⅛	−0¼	6.81
EIB 6½ 91	200	96¼	97¼	+0⅛	−0¼	6.88
Eletrobras-Brazil 7 87	100	97½	97¾	0	0	7.47
Eurofina 6½ 89	100	100¼	100⅞	+0⅛	+0⅜	6.41
Finland 6 83	180	99	99⅜	−0⅜	−0⅜	6.15
Hitachi Ship. 5¾ 83	50	98⅜	99⅛	+0⅛	+0¼	6.02
Indonesia 7 84	100	98⅛	98⅞	+0⅜	+0¼	7.33
Kobe, City of 5¾ 86	100	99½	99¼	+0⅜	−0⅜	5.94
Megal Fin. 7 89	150	98⅜	98⅞	−0⅜	+0¼	7.23
Mitsubishi Petro. 5¾ 85	100	98⅜	98⅞	−0⅛	+0⅜	6.03
New Zealand 6¼ 87	200	99½	100	0	−0⅛	6.29
Nippon Kokan 7½ 84	100	99¼	99½	−0⅛	−0⅜	7.65
Nippon Steel 5¾ 85	100	98⅛	98⅝	+0¼	+0⅜	6.03
Nippon Tel. & T. 5½ 87	100	96⅜	96¾	+0⅛	0	6.15
Nordic Inv. Bk. 6⅛ 86	60	97⅞	98⅜	−0½	−0⅜	6.60
Norges Komm. 6 90	100	95¼	95¾	+0⅛	0	6.57
Norges Komm. 6⅛ 89	150	97¾	98¼	0	+0⅛	6.53
Occidental 6⅜ 90	150	96⅜	97⅛	−0⅛	0	7.15
OKB 6½ 88	100	99⅝	100⅛	−0⅛	−0⅛	6.51
OKB 6 87	40	97½	98	−0⅜	−0⅜	6.37
Petroleo Brazil 7 88	100	97½	98	−0⅜	−0⅛	7.33
Ricoh 5⅛ 83	30	97⅜	97⅞	+0⅛	−0¼	5.87
Statoil 6 88	150	96	96½	−0⅛	−0⅜	6.54
Statoil 6½ 89	150	97⅞	98¼	+0⅛	+0⅜	6.78
UDS Group 5¾ 83	65	96¾	97¼	0	+0⅜	6.54
Union Bank-Finn 6½ 88	50	95	95½	0	0	7.79
Venezuela 6½ 90	150	92⅜	92⅞	−0⅛	−0⅜	7.46
World Bank 6¼ 88	400	97¼	97¾	0	+0⅛	6.60

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5⅛ 88	40	102¾	103	0	+0⅛	4.86
Amer. Exp. Int. 3½ 93	40	97¾	98	0	+0½	3.69
Asian Dev. Bank 3½ 94	100	91	91½	−0⅛	+0⅞	4.31
Austria 3½ 93	100	95¾	96	−0½	+2⅛	3.87
Brazil 4⅛	100	100	100¼	+0½	+0½	4.23
Chase Manhattan 4 93	70	101	101¼	−0⅛	+0⅜	3.90
Council of Europe 4¼	100	100½	100¾	+0⅛	+0¼	4.18
Bankamerica 3¾ 93	80	98¾	99	−0½	+1⅛	3.85
BNDE 5 88	75	101¾	102	+0⅛	+0⅛	4.76
Denmark 4½ 90	100	97	97¼	−0¼	−5⅜	4.83
EIB 4¾ 93	100	100½	101	−0⅜	−0⅛	4.18
Euratom 4½ 93	80	100	100½	+0¼	+1⅛	4.22
F. L. Smidth 4½ 89	25	101¼	101½	0	−1⅛	4.33
Finland 4½ 93	80	100¼	101	−0½	−0⅜	4.41
GZB 4½ 93	100	102½	102¾	0	+0⅞	4.25
Haren 4¾ 89	35	98¾	99	0	−0⅜	4.39
ICI Fin. NV 3½ 94	230	94½	95	−0⅛	+1⅛	3.97
Malaysia 4¾ 90	80	98½	99	−0⅜	+0¼	4.89
New Zealand 3½ 94	120	94½	94¾	+0⅛	−1⅛	3.99
Norges Komm. 4⅛ 90	100	102	102¼	+0⅛	0	4.01
Oy Nokia 5 90	20	102¼	103	−0⅛	+0⅜	4.68
Philippines 4¾ 89	50	98½	98¾	−0⅛	−0¼	4.93
Sandvik 4 90	85	97½	97¾	+0⅛	0	4.26
Spain 4 91	100	98	98¼	−0⅜	−0⅜	4.20
Voest-Alpine 4½ 93	100	101¾	102	−0⅜	+0½	4.32
Vienna 4 93	100	100	100½	0	+0½	3.98
World Bank 4¾ 93	250	100	100¼	−1⅛	−0½	4.24

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¾ 88	15	87½	88¼	0	0	7.59
Australia 5.6 83	30	95⅞	96⅞	−0¼	−0½	6.61
Australia 6½ 88	20	93	94	−0⅛	−0⅜	7.59
Finland 5.6 83	10	94⅞	95⅞	−0⅛	−0⅜	6.66
Finland 6.8 88	10	93¾	94¾	−0⅜	−0⅜	7.85

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	99¼	99¾	+0⅛	+0⅜	9.13
Auto Cote B. 7 93 EUA	16	91½	92¼	0	−0½	7.98
Komm. Inst. 7½ 93 EUA	15	97½	98⅜	−0¼	0	7.71
Panama 8¾ 93 EUA	20	94¼	96	−0⅛	0	8.82
SDR France 7 93 EUA	22	94⅜	95⅜	−0⅜	+1¼	7.61
Algemene Bk. 6¾ 83 Fl	75	94⅞	95⅜	+0⅛	+0¼	7.62
CFE Mexico 7¼ 93 Fl	75	98¼	98⅞	0	+0⅛	8.15
EIB 7¾ 85 Fl	75	94⅞	95⅜	0	+0¼	8.28
New Zealand 6¾ 84 Fl	75	94⅜	95⅛	+0⅛	+0¼	7.93
Norway 8¼ 84 Fl	100	100¾	101¼	+0⅛	+0⅜	8.00
Elf Aquitaine 9¾ 88 FFr	150	98⅞	99⅜	+0⅛	+0⅛	9.86
EIB 9¾ 88 FFr	200	99	99½	0	0	9.86
Norway 9⅛ 84 FFr	200	99⅜	100⅜	+0⅛	+0⅛	9.33
PSA Peugeot 9⅜ 87 FFr	175	99½	99⅞	0	+0⅛	9.61
Total Oil 9⅜ 87 FFr	150	97⅞	98⅜	−0⅛	−0⅛	9.70
Unilever 10 85 FFr	100	101¼	101⅞	0	+0⅜	9.66
CECA 9⅝ 89 £	20	87⅜	88⅜	+0⅛	−0⅜	11.78
Citicorp 10 93 £	20	87½	87⅞	+0⅛	+0¼	11.87
EIB 9¾ 88 £	25	90½	91	+0⅛	+0½	11.48
Finance for Ind. 13 91 £	15	101¼	101¾	+0⅜	−0⅛	12.75
Fisons 10¼ 87 £	10	90¾	91¾	+0⅛	−0¼	11.89
BAT 8 88 LuxFr	250	97¼	98¼	0	+0⅛	8.36
Bayer Lux. 8 86 LuxFr	250	97⅞	98⅞	0	+0½	8.29
EIB 7¾ 88 LuxFr	250	96⅞	97⅞	0	0	8.15
Finland I. F. 8 88 LuxFr	250	97⅛	98⅛	0	0	8.32
Norway 7¾ 83 LuxFr	250	97⅜	98⅜	0	0	8.33
Norges Km. 8 86 LuxFr	500	99	100	0	+0⅛	8.06
Renault 7¾ 88 LuxFr	500	97	98	+0⅛	+0⅛	8.13
Solvay Fin. 8 85 LuxFr	500	100	101	0	+0⅛	7.88
Swedish Bk. 8 88 LuxFr	500	99¼	100¼	0	+0⅛	8.03

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0½	96¼	96¾	31/7	11.44	11.87
BFG Fin. Co. M5.5 89	0¼	98⅜	98⅞	12/7	12.4	12.57
Bco. El Salvador M8 83	1¼	97⅛	97⅝	12/4	11.31	11.58
Bco. Nac. Argnt. M8 83	0¾	99⅝	100⅛	21/7	12⅛	12.27
Banco Urquijo 6 86	0¼	97¾	98¼	21/9	11⅞	11.73
Bank of Tokyo M5½ 93	0¼	97⅜	97⅞	18/4	10½	10.76
Banque Worms M5¼ 85	0¼	98⅜	98⅞	15/6	12	12.20
Bq. E. d'Alg. M8.375 84	0⅞	96⅜	96⅞	9/8	11⅞	12.29
Bq. Ext. d'Alg. M7.5 85	0⅝	95⅛	95⅞	2/5	12⅜	13.35
Bq. Indo et Suez M5½	0¼	99	99½	25/7	12	12.08
Bq. I. Af. Occ. M6.5 83	0¼	97¾	98¼	12/7	12.4	12.65
BNP 5½ 91	0¼	97⅜	98⅛	22/2	11⅜	11.62
CCCE M5.25 98	0¼	97⅛	97⅝	3/8	11⅜	11.65
Ch. Man. O/S M5¼ 93	0¼	97½	98	27/7	11.73	11.95
Citicorp O/S Fin. 6 94	0¼	99¼	99¾	8/6	11.06	11.12
Credit National M5¼ 88	0¼	98⅜	98⅞	11/7	12.31	12.48
Gotabanken M6 88	0⅜	98⅜	98⅞	15/5	12.31	12.50
Ind. Bk. Japan M5¼ 85	0¼	99¾	100¼	1/6	12.35	12.35
Liubljanska M7.75 85	1	97¼	98	18/7	12.94	13.25
LTCB Japan M5¼ 85	0¼	99¼	99¾	9/5	12.06	12.11
Midland Intl. M5½ 93	0¼	98⅞	99⅜	20/7	12⅛	12.37
Nat. West. M5½ 90	0¼	99	99½	21/6	12½	12.59
Nipp. Crdt. Bk. M5.5 85	0¼	99¾	100¼	22/6	12.81	12.81
OKB M5¼ 88	0¼	99¾	100¼	18/4	10.56	10.56
Offshore Mining 86	0¼	98⅞	99⅜	19/7	12.19	12.30
Petro Mexicano 7¼ 84	0⅜	98⅜	99⅛	24/7	12.06	12.20
Privredna Banka M8 86	0⅞	95⅝	96⅜	22/8	13.44	13.98
Standard Chrt. M5.5 90	0¼	97¼	97¾	10/8	11.56	11.86
Sundsvallsbnkn. M6 85	0¼	97¼	97¾	4/4	10.06	10.32

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 6¾ 93	9/78	628	88¼	89¼	+0⅛	4.78
Baker Int. Fin. 5½ 93	1/79	34	111½	112½	+0¼	2.23
Boots 6¼ 93	2/79	2.16	103	103¾	−0⅝	−4.60
Ciba-Geigy O/S F 4 94	9/79	675	93⅞	94⅜	0	−18.15
Coca-Cola Bottling 6¾	4/79	9	85	86½	+1	18.73
Honda Motor 5½ 89	5/79	532	90½	91½	−0⅛	3.61
Ito-Yokado 5¾ 93	6/78	1339	113½	114½	+0¼	−0.05
Novo Industri 7 89	4/79	259	90¾	91⅞	−0¼	11.86
Texas Int. Air. 7½ 93	4/79	14.5	91½	92½	0	11.17
Thorn Int. Fin. 7 88	11/78	3.67	110¾	111¼	+0⅛	−3.11
Tyco Int. Fin. 8½ 88	9/78	21	†101	101½	0	14.13
Asahi Optical 3½ DM	12/78	588	96¼	97⅛	−0¼	−0.22
Casio Cp. 3½ 85 DM	11/78	841	93¼	94¼	0	10.25
Izumiya 3½ 86 DM	10/78	989	90½	91½	+0¼	14.90
Jusco 3½ 86 DM	1/79	1154	88½	89½	+0⅛	24.02
Kansai Elec. 4 84 DM	4/79	1360	92¼	93¼	0	19.92
Konishiroku 3½ 85 DM	1/79	612	92¼	93¼	+1¼	13.24
Marudai Food 3½ DM	2/79	1033	89½	90½	−0¼	28.45
Murata M. 3¼ 86 DM	11/78	854	†98½	99½	+1½	1.56
Nipp. Air. 3.5 88 DM	12/78	508	86¾	87¾	−0⅜	1.51
Nippon Shinpan 3¼ DM	8/78	738	95¾	97	0	0.04
Nippon Ysn. 3½ 85 DM	1/79	251	93⅜	94½	+0½	6.78
Nissan Diesl. 3½ 86 DM	2/79	477	89¾	90⅝	0	5.64
Olymp. Opt. 3½ 85 DM	2/79	703	100⅞	101⅝	+0⅞	−0.16
Ricoh 3½ 86 DM	10/78	617	94	95	+0⅛	17.45
Sanyo Electric 3½ DM	11/78	295	91	92	+1⅛	2.12
Sharp Co. 3½ 88 DM	2/79	487	94⅜	95⅜	+1⅜	0.23
Stanley Elec. 3½ DM	11/78	623	91¼	92¼	+1½	26.53
Tokyo Elec. 3½ 87 DM	4/79	476	92	93	+0⅛	5.34
Tokyu Ld. Cp. 4 86 DM	4/79	493	90½	91½	+0½	10.61
Trio-Knwd. 3½ 86 DM	11/78	711	86⅞	87⅞	−0⅛	31.18

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

EUROBONDS

Solvay raises FFr 125m

BY FRANCIS GHILES

THE BELGIAN chemical giant, Solvay et Compagnie, is arranging a FFr 125m eight-year bond with an indicated coupon of 9¾ per cent. The bonds will mature in 1987 and have an average life of seven years. If the purchase fund operates fully during the last two years of the life of the issue. The lead manager is Banque de l'Union Europeenne. The same bank arranged a French franc bond for Unilever last autumn.

Prices in the French franc market have moved up in the past 10 days as the currency has firmed after the start of the European Monetary System. Interest rates on six-month Eurofrancs have fallen over the same period from 9½ to 8½ per cent.

At current secondary market prices, the yields on some outstanding bonds are as follows: 9.76 per cent on the Peugeot issue, 9.78 per cent on the EIB bond and 9.75 per cent on the Unilever issue. The new issue calendar will continue to include about one new issue a month and no private placements will be made.

Trading volume remains small and most French banks and senior Treasury officials have no other wish than to ensure a steady quiet market in this sector.

In the Deutsche-Mark sector prices were steady yesterday in low turnover. Although prices have recovered since the new issue calendar was sharply curtailed, fears of a rise in the German discount rate next week are making the domestic DM bond market unhappy.

Sears, Roebuck and Company, the U.S. retailing group, has signed a contract with a group of Japanese banks and securities houses led by Nomura Securities for issuing unsecured yen denominated bonds totalling Y20bn.

Japanese banks and securities companies have agreed to break with a 50-year practice and handle bonds that are not supported by assets. The five-year 6½ per cent bonds will be priced at 99½ to yield 6.566.

The $25m floating rate note issue priced on Monday was for United Overseas Bank and not United International Bank as mentioned yesterday.

MEDIUM-TERM CREDITS

Mexico's Pemex pre-paying loans

BY JOHN EVANS

THE MEXICAN state oil concern, Petroleos Mexicanos, is to retire well ahead of schedule two Eurocurrency credits totalling $600m.

This is Mexico's first action to re-arrange its outstanding international dollar debt in order to exploit the much better terms and conditions which the major banks are now prepared to grant. Since the full potential of Mexico's oil reserves has been widely publicised, the country has enjoyed an improved access to the world capital markets.

The loans to be prepaid comprise a $300m credit arranged in 1976 and a facility for a similar amount in 1977. Both carried five-year maturities, at spreads over interbank rates ranging between 1½ and 1¾ per cent. Pemex is understood to have also repaid some of its Swiss Franc debts recently.

Pemex in recent months has been obtaining loans with spreads upwards of 1 per cent with maturities as long as 10 years.

Elsewhere, the Italian state electric power agency, ENEL, is to raise a $500m 10-year credit. Reflecting Italy's improved status as a borrower, the spreads comprise a ⅝ per cent margin for the first three years, and ⅞ per cent thereafter, according to bankers.

The loan should be arranged by a group headed by Deutsche Bank, Credito Italiano and a number of Japanese banks.

The Portuguese banking institution, Caixa Geral de Depositos, is raising $100m via a nine-year Euromarket syndication to be managed by Westdeutsche Landesbank.

While the loan is not state-guaranteed, the terms are particularly favourable for the borrower. The spread is ⅞ per cent for the first four years and 1 per cent for the remainder.

In Hong Kong, the Philippines Government has signed a contract for a $75m syndicated loan from a 15-bank consortium, under the lead of Mitsui Bank, as main manager. The 12-year loan carries a spread structure of ⅞ and 1 per cent.

The Venezuelan public agency, Cooperacion de Mercadeo Agricola, is raising a $50m short-term credit at ⅞ per cent over the interbank rates.

Meanwhile, the syndication for a $360m standby for CNT, the French telecommunications agency has been completed, according to lead manager Midland Bank France.

Midland Bank and co-lead manager Societe Generale will be taking $30m each of the overall amount, and the 15 banks making up the syndicate will take $20m each.

As reported, the 10-year loan is to back up the issue of commercial paper in the U.S.

The Dominican Republic has signed a $185m eight-year syndicated credit agreement with an international consortium, with the Chase merchant banking group as joint lead manager.

The credit carries a 1⅛ per cent spread above London interbank offered rates for the first three years and a 1¼ per cent spread for years four to eight.

npanies Markets

INTERNATIONAL COMPANIES and FINANCE

LAMIC BANKING

Bringing in the old order

BY PHILIP BOWRING

VES TO abolish interest, and erwise to adhere to Islamic ils are gathering momentum Pakistan. They are causing ertainty to the business com- ity. But it is thought un- ly that the goodwill of busi- will be sacrificed to haste inflexibility in establishing new economic order.

ccording to the present ets, banks will have three s to switch over from an rest based system to one d partly on profit sharing partly on fees. However, banks do not seem in a y to make the change and want to study its implica- s in detail. At present a u first" attitude prevails.

ont runner in adopting the method will be the Invest- t Corporation of Pakistan, emi-Government merchant cing entity which makes and es loans, takes equity parti- tions, underwrites new s and manages mutual l portfolios.

om July, ICP will stop ing loans and transfer its and debenture portfolio to nterest-free system. Details still being worked out; but what will emerge instead is probably some kind of device akin to a preference share but with a prior charge on assets. A company would only pay a dividend on the share when it was making money, but the "loan" would be structured to ensure that dividend rights accumulated and there would be detailed provisions for the company to cancel or buy back the shares. ICP would also charge fees to cover its own administrative costs. ICP would continue to take normal equity participation, and would probably increase these under the new system.

One of the benefits claimed for the Islamic method is that it would emphasise the need for risk taking and rewards inherent in equity but not in debt financing. Proponents claim it would make industrialists more conscious of the cost of capital. "At present they are all too happy to borrow at cheap rates from the institutions, but they may not be so keen to see their equity diluted by participation schemes," said one banker.

In order to spread the concept of equity and participation financing among bankers, a new company Bankers Equity was recently set up, 60 per cent owned by the commercial banks and 40 per cent by the State Bank. *It will take large equity* stakes in new ventures, which it will eventually sell off to the public when their viability is established.

The Islamic concepts in development finance are already being practised with some success by the Islamic Development Bank. However, Pakistani bankers say it is more difficult to see how to apply the principles to commercial banking business such as short-term trade finance. Nor is it easy to predict how depositors, looking for the safe and guaranteed return that a bank offers, will feel about the *scheme*.

For now, however, depositors may be more concerned about another aspect of Islamisation: *zakat. Zakat* is a levy on movable property which the Government is introducing on a "voluntary" basis *this year*. (Quite how voluntary remains to be seen.) There have been demands that it should *completely replace income tax or* wealth tax. *Zakat* apparently applies to current accounts with banks and to stock in trade of businesses. The levy is 2.5 per cent of value.

But it is not clear at what point assets become within the *zakat* definition or whether it applies only to assets owned by an individual or extends to an unincorporated business or partnership.

The rural equivalent of *zakat* is *ushr*, a levy of 5 per cent on the value of produce of land. It will be introduced from this year's *kharif* (summer) harvest.

Funds collected from these levies will be spent on social welfare. The earnestness with which the Government seems to be pressing ahead with its Islamic financial moves is said by its critics to show that it has little practical idea of the workings of business. That may be harsh: many businessmen say they can easily live with the basic Islamic precepts. However, *reconciling traditional principles* with modern mechanisms may be difficult. Mohammed was a merchant: he understood business. But his anti-usury principles did not have to take account of inflation. And *zakat* rules did not have to grapple with the concept of the joint stock company.

One of the benefits claimed for the Islamic method is that it lays stress on the need for risk taking and the rewards inherent in equity financing

Commerzbank to issue two bonds

Andrew Fisher

IMERZBANK, the smallest the three major West man commercial banks and first to reports its results, ied up its earnings by ly 9 per cent last year and s to make two bond issues ng 1979.

et profits of the parent bank to DM173m ($93m) from 159m and the dividend is g maintained at DM 8.50. n the inclusion of the tax it, German shareholders again receive DM 13.28.

ie bank said that some 123m of last year's earnings be distributed to share- ers, with DM50m going to reserves. Total consolidated ings of Commerzbank's dwide operations moved up just over 5 per cent to 224.1m ($120.5m).

ans for the bank's proposed i issues will be put to eholders at the annual ting early in May. One will DM300m convertible bond by the parent bank and other a $100m issue Commerzbank International, ch is based in Luxembourg.

ommerzbank gave no indica- of the likely terms of the bonds at this stage. Sub- bers to the mark bands will entitled to convert each one four shares of the bank. Monday, these stood at und DM201.

ie $100m issue will be ied into bonds of $1,000 which will carry warrants the purchase of between t and 12 Commerzbank es.

ommerzbank's improved ormance was foreshadowed autumn when directors told October press conference the dividend would be ntained, with gains shown public sector borrowing. ate and foreign credit vities.

uring the previous year, the k suffered a slight setback group net profits, which ped to DM213m from the 225m recorded in 1976.

Chinese in shipyard deal

ONG KONG—Yiu Lan hinery Repairing Works ed a lease for 11.6 hectares and on Tsing Yi Island in g Kong's New Territories, Government has announced. he company, which is linked China Merchants Steam igation Company will build ipyard on the site at a cost over HK$100m (US$20.6m), financing provided by the k of China, the Government l.

or the New Territories it said that the lease expires June, 1997, at the same time Hong Kong's lease on the v Territories.

hina Merchants Steam Navi- on is a mainland-Chinese ied company.

ter

Uddeholm and Gränges to merge stainless steel operations

BY WILLIAM DULLFORCE IN STOCKHOLM

UDDEHOLM and Granges announced yesterday their intention to merge their stainless steel operations in a joint company, in which Uddeholm would be the majority shareholder. It would have a turnover of around SKr 1.8bn ($415m) a year and employ some 4,000 people.

Final details remain to be negotiated and discussions have still to be held with employee representatives under Sweden's co-determination regulations. It is clear, however, that Uddeholm will be seeking Government approval to utilise part of a SKr 600m loan granted to it previously to finance the new company.

The two companies will also expect to take advantage of the Skr 1.3bn structural fund established by the Government to facilitate the restructuring of the Swedish special steels industry. The fund can supply loans free of interest for the first two years and guarantee ordinary bank loans.

The new company would include Granges' Nyby plant, which specialises in seamless tubes and in powder steel production. These products would be complemented by Uddeholm's production of stainless steel plate, wire and tubes of different dimensions, giving the new company a dominant position on the Nordic market for stainless products.

Uddeholm, which is being reorganised as a power and special steel concern after disposing of its forest products and chemicals to the jointly owned Billerud-Uddeholm company, already manufactures the bulk of the tools steel produced in Scandinavia.

Both Granges and Uddeholm have paid no shareholders' dividend for three years but both recently forecast a return to profit in 1979.

Tel Aviv expects 250 flotations

BY L. DANIEL IN TEL AVIV

A TOTAL of 250 new issues are likely to be floated on the Tel Aviv stock exchange during the fiscal 1979-80 and measures have to be taken to ensure stricter supervision of the market as trading grows both in volume and sophistication.

Mr. Yitzhak Taub, chairman of the Securities Authority, made this prediction last week and estimated that the new issues will raise I£6bn ($300m) in fresh capital. Daily trading *is likely to reach I£100-200m or* an annual volume of I£25bn, he added.

There have been few modifications of the present securties law since it was enacted in 1968, he explained. Among changes called for by Mr. Taub was legislation that would enable the Authority to conduct independent inquiries into companies whose shares are traded on the exchange "whenever there is *suspicion that the law has been* violated." Presently the Authority must ask the police to investigate.

* * *

URDAN INDUSTRIES, the metallurgical division of Clal, has reported a record growth of 268.5 per cent to I£45.1m ($2.25m) in its net profit for 1978, as compared with the preceding year.

The rate of growth in profit was four times the rate of increase in sales, which rose by 60 per cent to I£434m ($22m). The company's assets increased by 77 per cent to I£709m. Urdan invested I£85m in its various enterprises last year, and is interested in buying into or purchasing totally existing metal-working plants to enable further expansion.

W. R. Carpenter on road to recovery

BY OUR SYDNEY CORRESPONDENT

AUSTRALIA'S DIVERSIFIED island trader, W. R. Carpenter Holdings is well on the road to *recovery with a 75.98 per cent* climb in profit to A$5.08m (U.S.$5.7m) in the six months to December 31, from A$2.88m in the same period of the previous year.

The strongly improved showing confirms the brighter outlook *painted by the chairman. Mr.* C. H. V. Carpenter, last November, when he told shareholders *that* profit had jumped from A$380,000 *to* A$2.15m in the first quarter. In the last financial year, profit slumped from A$10m to A$355,000.

Much of the profit growth was derived from the newly acquired subsidiary, Dalton Bros Holdings, which contributed A$ 1.6m in earnings, *compared with A$256,000 in the* same six months of 1977. Other divisions to improve their performance were Claude Neon, its textile group, Southern Pacific Insurances and the South Pacific division. These gains, however, were inhibited by substantial losses in the Arrowfield Wines division, a downturn in Papua-New Guinea profits from agriculture and merchandising operations and continuing losses in the property finance and development sector.

Funds managed by the property finance and development division were sliced back from A$44.7m to A$39.2m and directors say that losses were held *within* budget

The interim dividend is steady at 5.5 per cent a share. Earnings a share were lifted from 6.6c to 11.6c. Tax increased from A$2.7m to A$3.9m.

Jordanian banks refinance $12m loan

BY RAMI G. KHOURI IN AMMAN

A SYNDICATE of four Jordanian banks has refinanced a $12m loan for the joint Jordanian-Syrian Land Transport Company, that was signed two years ago, with international banks managed by the paris-based Arab-Bank International.

The original $12m credit was for six years at $1\frac{1}{4}$ per cent over the London inter-bank official rate, with two years *grace. The refinanced loan, for* seven years, is for JD3.5m (about $11m) at a fixed interest rate believed to be below 10 per cent.

The agent for the new loan is the Arab-Jordan Investment Bank — the first merchant banking type of institution in Jordan. The three other participating *local banks are the Arab Bank*, the semi-state Housing Bank and Petra Bank.

The loan is guaranteed by the *governments of Jordan and* Syria.

While the size of the loan is relatively small, it does indicate a greater ability by local borrowers to raise financing in Jordanian dinars for periods of between five and ten years at interest rates lower than those they are charged by international *lenders*. This is the fifth such local Jordanian loan syndication in the past four months, while more are being *put together*.

Oberoi chain breaks links with Sheraton

By K. K. Sharma in New Delhi

THE OBEROI chain of hotels has broken its links with Sheraton Corporation following Sheraton's agreement with India Tobacco Company on provision of management help in the running of its hotels in India. India Tobacco company — an associate of BAT Industries of the UK — is the successor to Imperial Tobacco. Following raising of the Indian-held stake in its ownership — it has diversified into the hotel industry by opening hotels in New Delhi, Agra and Madras.

The Oberoi chain runs hotels all over India, and has opened 13 in other parts of the world, including the Middle East, Sri Lanka and Africa. It now feels it has sufficient experience to run its own chain without foreign collaboration, but the snapping of the ten-year old link with Sheraton is the result of the latter's agreement with India Tobacco.

India Tobacco's agreement with Sheraton has been approved by the Indian Government despite opposition by the Ministry of Tourism, which feels that foreign collaboration in a low-priority sector in which Indian experience is considerable is not desirable. However, This objection was overruled on the grounds that other hotel chains are being allowed links with foreign chains.

Now that Oberoi has severed its links, however, it is expected that *demands will be made for* similar moves between other Indian hotels and their foreign partners. Other Indian hotels *point out that they are able to* pick up additional tourist business because of their foreign connections, since these make it *possible to make bookings easily* from other countries.

Hong Kong Electric

HONG KONG Electric Holdings, the electricity utility, raised its net profit by 29.9 per cent in *the year to December 31, to* HK$255.35m (US$52.5m) from HK$196.62m the previous year, writes our financial staff.

The company has effectively increased its dividend, with a final of 14 cents (against 16 cents the previous year) on capital increased by a two-for-five scrip issue, to make a total of 23 cents (25 cents). At the same time, a one-for-five scrip issue has been announced.

Wereldhave plans major U.S. expansion

BY CHARLES BATCHELOR IN AMSTERDAM

RELDHAVE, the Dutch perty investment group, ns to extend its interests in U.S. now that its bid for glish Property Corporation been withdrawn. A higher for EPC was not on the ds in view of the problems ereldhave already had in plaining the size of its 56p to its Dutch institutional areholders.

The Dutch group now plans *increase its stake in the U.S.* perty investment group, rporate Property Investors PI), in which it recently quired *a 5 per cent holding* $19m, Mr. Willem van Dijk, ereldhave chairman, said. gether with Westland- recht, the largest Dutch ortgage bank, Wereldhave timately hopes to form an vestment pool through which tch institutions could also vest in CPI, a non-listed com- ny.

The U.S. concern has a port- lio of $550m. Wereldhave's *failure to acquire EPC, and* with it a stake in the Trizec group of Canada, means it will move directly into property investment in the U.S. and Canada, alongside indirect investment through CPI, more quickly than if the bid had succeeded.

Wereldhave has no plans to bid for any other UK property companies after the failure of its EPC offer, Mr. Van Dijk said. It may also take its profit on Midhurst White Holdings, a property company in which it is now building up its holding to 100 per cent. *High prices*, low yields and the sterling currency risk make the Midhurst Holding less attractive, particularly since the EPC *bid* has fallen through.

Wereldhave's decision to raise its bid for EPC to 56p per share from 37p caused problems with its Dutch institutional shareholders, who felt it was offering too much, Mr. Van Dijk said. *The complex deal for financial* support and guarantees from the Canadian concern, Carena Corporation, was also difficult to *explain to Dutch shareholders*, he said.

UK stock exchange rules against financing takeover bids *with the assets of the company* acquired also raised problems with respect to the financial support offered by Carena. The British merger code forced Wereldhave to disclose much more information than would have been the case if it had bid for another Dutch company though the UK requirements were fair, Mr. Van Dijk said.

He said that another reason for dropping out of the bidding for EPC was the fear that Wereldhave would gain a name for being unduly speculative among its shareholders — which include pension funds and insurance companies.

Wereldhave net profits rose *by 52 per cent to Fl 22.5m* ($11m) from an adjusted Fl 14.8m in 1977. It is now only booking the difference between *balance sheet value and the sale* price of property as profit.

It proposes paying a dividend of Fl 6 in cash and 3 per cent in stock per Fl 20 nominal share compared with Fl 5.50 cash and an optional 2 per cent in stock in 1977. Rental income rose 30 per cent to Fl 46.6m, while the value of its portfolio rose 24 per cent to Fl 710m ($355m).

● The Dutch Finance Ministry will offer five year treasury bills at tender from tomorrow (for payment on Friday), money market sources suggest. Amount and coupon will be announced after subscriptions close.

The last short-term issue by the Dutch Government was for Fls. 810.5m of $6\frac{1}{4}$ per cent five year bills in late January. Last month the state raised Fls. 700m over a 15-year bond with a coupon of $8\frac{3}{4}$ per cent.

WORLD STOCK MARKETS

Minor early Wall St. decline on profit-taking

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—74% (76½%)

Effective $2.0325 36% (37½%)

WITH INVESTORS taking further profits on recent gains, particularly among energy issues,

Closing prices and market reports were not available for this edition.

Wall Street displayed an easier bias in active early trading yesterday, but was above the worst at mid-session.

The Dow Jones Industrial Average, after a loss of 4 points at 11.00 am, was only a net 2.17 off at 855.42 at 1 pm. The NYSE All Common Index was 8 cents easier on balance at $56.66, after touching $56.58, while declines held just a narrow lead over gains at mid-session in the ratio of seven-to-five. There were 19.15m shares changing hands, compared with Monday's 1 pm volume of 23.40m.

Analysts said there were some apprehension about the meeting being held yesterday by the policy-setting Federal Open Market Committee.

Additionally, they said traders were disappointed that the market failed to close on Monday above its previous 1979 high after briefly breaching it during the session.

Treasury Secretary Blumenthal said no decisions were made on energy and inflation at Monday's Camp David meeting.

Among the actives, Exxon picked up ⅛ to $54 but Texaco eased ⅛ to $26⅞. Superior Oil retreated $5 to $352.

General Mills lost $1 to $24⅞ and Pillsbury ⅞ to $34. Pillsbury reported improved operating net earnings for the fiscal third-quarter but General Mills said results for the period declined.

Jim Walter gained ⅞ to $29 in response to sharply higher second-quarter net profits.

K Mart reported good profits for its final three months and added ⅞ at $23¾.

Eastman Kodak up ⅛ to $62¾ announced some new camera models and enhancements to its instant camera film. Polaroid put on ⅛ to $40⅞.

Dome Mines, which plans to make a three-for-two share split, rose 2⅝ to $87⅛.

Simplicity Pattern eased ⅛ to $12⅝. Devon Group said it has raised its stake in Simplicity to about 5.5 per cent. Devon picked up ⅛ to $29⅞ on the American Stock Exchange.

THE AMERICAN S.E. Market Value Index was a modest 0.19 off at 173.67, after 173.52, at 1 pm. Volume 2.12m shares (3.52m).

Petro-Lewis shed ⅛ to $12⅞ in active trading. It said public participation in its oil partnerships rose in the first quarter.

Wainoco Oil lost ⅛ to $20⅛ after announcing an initial quarterly dividend of 12 cents a share.

Volume leader Houston Oil put on ⅛ to $19⅛ and, in second place on the Amex actives list, Resorts International "A" recovered 1⅛ to $53⅞ after losing ground the previous day.

Canada

The recent strong uptrend on Canadian markets faltered yesterday morning, with stocks making a mixed showing at midday following reduced but still active trading. The Toronto Composite Index came back 1.0 from Monday's record high to stand at 1,442.1 at noon yesterday.

The Oils and Gas index slipped back 8.9 to 2,133.9, while Utilities receded 1.18 to 212.42, Banks 0.56 to 305.24 and Papers 0.43 to 162.35. Metals and Minerals, however, improved 3.5 to 1,306.4.

Among companies reporting higher annual earnings, Versatile Cornat rose ⅛ to C$13⅛, while Canadian Foremost, C$27⅛, and Thomson Newspapers "A", C$17, each added ⅛.

Tokyo

Helped by steady buying from investment trusts, market showed some improvement yesterday although business was fairly quiet.

The Nikkei - Dow Jones Average gained 23.92 to 6,053.77 and the Tokyo SE index 1.59 to 448.05. Volume came to 200m shares, against the previous day's very light total of 140m.

Brokers noted that investors were still exercising some caution, reflected by the modest trading volume, ahead of a planned OPEC meeting and a preparatory conference of the Tokyo summit to be held this week.

Pharmaceuticals, Light Electricals, Precision Instruments and some other speculative issues were particularly favoured, but resources-related shares mostly lost ground.

Takeda Chemical rose Y17 to Y530, Chugai Pharmaceutical Y14 to Y770, Sony Y40 to Y1,570, Pioneer Electronic Y80 to Y2,290, TDK Electronic Y80 to Y1,580, Nippon Denso Y40 to Y1,420 and Fuji Photo Film Y9 to Y652.

Germany

Generally small mixed movements occurred yesterday in moderate trading.

Brown Boveri stood out in Electricals, however, with a fall of DM 6 following Monday's advance of DM 7. Varta contrasted with a gain of DM 1.50.

Among Motors, BMW put on DM 2.10 and Volkswagen DM 1., while in Stores, Kaufhof were DM 2 higher. Elsewhere, Preussag advanced DM 2.40, but Dresdner Bank shed DM 1.10 and and Linde, in Engineerings, lost DM 3.

Public Authority Bonds eased by up to 25 pfennigs. The Bundesbank bought a nominal DM 3.2m of paper in open market operations. Mark Foreign Loans were mostly unchanged.

Paris

Striking Bourse employees yesterday rejected the latest offer from the management, and they have voted to continue their pay strike until at least midday today.

The employees are still occupying the office of the Paris Stockbrokers Association, which stated that no Paris share quotations would be available for yesterday.

During the Bourse strike, some quotations on the forward market have been provided by the stockbrokers, either through use of their special procedure or as a result of limited trading on the Corbeille ring at the Bourse.

Australia

After the recent buoyancy, markets put on a mixed performance yesterday with a number of Industrial and Mining leaders reacting on profit-taking.

BHP relinquished 10 cents to A$11.50, while CSR receded 6 cents to A$3.60 and Retailer G. J. Coles lost 5 cents to A$2.15.

Among the Minings sector, CRA, A$3.80, and Consolidated Goldfields, A$4.05, declined 10 cents apiece, while MIM shed 3 cents to A$3.28. Western Mining, however, rose another 6 cents to A$2.41, while Bougainville, on higher overnight LME copper prices, improved 4 cents to A$1.92.

Among Uraniums, Kathleen Investments gained 10 cents to A$3.25 ahead of the signing today of the Nabarlek Uranium Mining agreement between its subsidiary Queensland Mines, unchanged at A$3.50, and the Northern Land Council.

There was further selective support for Coal issues, Thiess, A$3.08, and White Industries, A$3.70, each adding 10 cents. Oils were firmer for choice, with Ampol Exploration hardening 3 cents to A$1.68.

Hong Kong

Stocks tended to improve afresh in moderate activity, with the Hang Seng index gaining 3.47 to 559.39.

Banks provided the brightest sector following London buying and some switching of investment funds from Property shares.

Among Banks, Hong Kong and Shanghai advanced 30 cents to HK$20.30 on expectations of a bonus and dividend being announced on Friday. Hang Seng Bank rose HK$6.00 to HK$208.00.

Among Properties, Hutchison shed 25 cents to HK$4.25, Hong Kong Wharf 25 cents to HK$35.00 and Swire Pacific 10 cents to HK$8.30 on profit-taking.

Elsewhere, China Light moved ahead 40 cents to HK$22.20, East Asia Navigation 10 cents to HK$4.60 and Hopewell 12½ cents to HK$4.50, but City and Urban declined 8 cents to HK$1.33 and Wheelock Maritime 15 cents to HK$3.35.

Johannesburg

Gold shares recorded mainly modest irregular movements after quiet dealings.

Vaal Reefs were 60 cents higher in further response to mining agreements with AF Lease, which finished only a net 5 cents firmer at R4.90 after opening at R5.25.

Switzerland

The announced increase in cash bond interest rates and some profit-taking caused a reactionary tendency in share prices yesterday in active trading. The Swiss Bank Corporation Industrial Index gave up 1.5 at 318.8.

Bank Leu lost 50 to SwFr 3,660, Motor Columbus 20 to SwFr 800, Saurer 25 to SwFr 1,200 and Ciba Geigy 15 to SwFr 1,260, but Alusuisse gained 10 to SwFr 1,460.

Domestic and Foreign Bonds were lower in a modest turnover following the rise in interest rates for medium-term notes announced by the major Swiss banks.

Indices

NEW YORK —DOW JONES [illegible]

STANDARD AND POORS [illegible]

N.Y.S.E. ALL COMMON [illegible]

MONTREAL [illegible]

TORONTO Composite [illegible]

JOHANNESBURG [illegible]

MONDAY'S ACTIVE STOCKS [illegible]

NEW YORK

[illegible]

CANADA

[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY [illegible]

TOKYO [illegible]

AUSTRALIA [illegible]

STOCKHOLM [illegible]

OSLO [illegible]

JOHANNESBURG [illegible]

AMSTERDAM [illegible]

BRUSSELS/LUXEMBOURG [illegible]

SWITZERLAND [illegible]

PARIS [illegible]

COPENHAGEN [illegible]

MILAN [illegible]

VIENNA [illegible]

BRAZIL [illegible]

SPAIN [illegible]

Financial Rand U.S.$0.74 (Discount of 37.0%)

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	13 %	■ Hambros Bank	13 %
Allied Irish Banks Ltd.	13 %	■ Hill Samuel	§13 %
Amro Bank	13 %	C. Hoare & Co.	†13 %
American Express Bk.	13 %	Julian S. Hodge	14 %
A P Bank Ltd.	13 %	Hongkong & Shanghai	13 %
Henry Ansbacher	13 %	Industrial Bk. of Scot.	13½%
Associates Cap. Corp.	14 %	Keyser Ullmann	13 %
Banco de Bilbao	13 %	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	13 %	Lloyds Bank	13 %
Bank of Cyprus	13 %	London Mercantile	13 %
Bank of N.S.W.	13 %	Edward Manson & Co.	14 %
Banque Belge Ltd.	13 %	Midland Bank	13 %
Banque du Rhone et de la Tamise S.A.	13½%	■ Samuel Montagu	13 %
Barclays Bank	13 %	■ Morgan Grenfell	13 %
Bremar Holdings Ltd.	14 %	National Westminster	13 %
Brit. Bank of Mid. East	13 %	Norwich General Trust	13 %
■ Brown Shipley	13 %	P. S. Refson & Co.	13 %
Canada Perm't Trust	13 %	Rossminster	13 %
Cayzer Ltd.	13 %	Royal Bk. Canada Tst.	13 %
Cedar Holdings	13 %	Schlesinger Limited	13 %
■ Charterhouse Japhet	12½%	E. S. Schwab	14 %
Choulartons	13 %	Security Trust Co. Ltd.	14 %
C. E. Coates	13 %	Shenley Trust	15 %
Consolidated Credits	13½%	Standard Chartered	13 %
Co-operative Bank	*13 %	Trade Dev. Bank	13 %
Corinthian Securities	13 %	Trustee Savings Bank	13 %
Credit Lyonnais	13 %	Twentieth Century Bk.	14 %
The Cyprus Popular Bk.	13 %	United Bank of Kuwait	13 %
Duncan Lawrie	13 %	Whiteaway Laidlaw	13½%
Eagil Trust	13 %	Williams & Glyn's	13 %
English Transcont.	13½%	Yorkshire Bank	13 %
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	13 %		
Greyhound Guaranty	13½%		
Grindlays Bank	‡13 %		
■ Guinness Mahon	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10½%, 1-month deposits 10¾%.
† 7-day deposits on sums of £10,000 and under 10½% up to £25,000 11% and over £25,000 11¼%.
‡ Call deposits over £1,000 10½%.
§ Demand deposits 11%.

Slump in arable farm profits

By John Cherrington, Agriculture Correspondent

CLEAR indication of possible future trends in British farming can be gained from the results of Laurence Gould, the consultants.

The performance results of the top 25 per cent of their arable farms show that intensive arable farms growing potatoes and vegetables have had a serious profits slump since the droughts of 1975-76.

The profit per acre on the ... fell from £254 in 1976 to ... in 1978, below even those ... years 1973-74.

In contrast, the profits of extensive arable, mainly cereal farms, have shown a gradually rising trend and the indication is that should the present low prices for intensive crops persist ... more of the managed farms ... turn over to extensive ... ns.

This will be encouraged by devaluation of the Green £, which will automatically ... cereal prices.

The profitability of dairying increased greatly, compared with the drought years. But it is pointed out that should threatened Community measures to restrict output be implemented, what the report calls the present boom in dairying could soon fade out.

... dairying is still showing a ... return on tenants' capital of about 33 per cent. Even so the return on extensive arable is ... under 40 per cent.

... and sheep have shown ... rising profitability over ... but since 1976 profits ... been on a plateau and the return on tenants' capital is no more than 20 per cent. The ... of all this is that if your ... suits extensive cereal farming, there is no sense in ... anything else.

Nickel strike peace bid fails

TORONTO—An Ontario Government mediator said efforts to get Inco Metals Company and its workers to resume contract negotiations have failed.

... Illing, a provincial mediator, said he had spoken separately with the company and representatives of the ... workers yesterday.

Inco's 11,700 workers at the ... mines have been on strike since September 16.

Move to suspend Chicago grain trading fails

BY DAVID LASCELLES IN NEW YORK

TWO LEGAL setbacks in the last 24 hours appear to have seriously damaged the efforts of the U.S. Commodity Futures Trading Commission (CFTC) to regulate the markets.

In what seems to be the final episode in the Chicago wheat futures wrangle the CFTC withdrew late on Monday night from its battle to suspend trading in the controversial March contract.

After consulting with the Solicitor-General, who represents Government agencies in all litigation, the Commission said it would not appeal an earlier court decision overturning its order suspending trading in the March contract.

A Chicago court ruled the CFTC had "over-reached" itself with this order. The CFTC had ordered suspension of the contract because of what it described as a potential major market disruption due to large "long open" positions held by a small group of speculators only four days before the contract was due to be closed.

However, the court agreed with a decision by the Chicago Board of Trade that trading should continue to enable traders to liquidate their positions. In forgoing an appeal against the court's ruling, the CFTC effectively acknowledged defeat though it put out a statement that its action had focussed attention on a potential market disruption, and brought about an orderly liquidation.

But the CFTC will appeal the Chicago judge's ruling that it had over-reached itself on the grounds that the court "improperly circumscribed the exercise of the commission's emergency powers." If pursued, this appeal could, observers believe, turn into a major test case for the four-year-old CFTC whose existence has never been secure, even at the best of times.

The CFTC took another blow yesterday when Wiscope S.A., the Swiss commodity trading subsidiary of London's Guinness Peat group, appealed successfully against a CFTC order banning it from U.S. commodity futures markets for failing to co-operate in investigations of alleged price-rigging in the coffee markets.

A Washington court granted Wiscope a stay in the order, and told the CFTC to reconsider its decision. A spokesman at the CFTC said yesterday he did not know when this would be done.

Wiscope withheld information from the CFTC's coffee inquiry on the grounds that Swiss law forbade disclosure of information about its clients. The CFTC suspected that Wiscope was acting on behalf of South American coffee growers buying coffee to bolster prices.

Brazil may end coffee 'deals'

BY RICHARD MOONEY

BRAZIL MAY abandon its system of "special deals" for selling coffee, Sr. Octavio Rainho, the new president of the Brazilian Coffee Institute, indicated in Rio de Janeiro yesterday.

At a ceremony to mark his taking office, the new IBC chief said Brazil should adopt a system of selling its coffee without "artificial aids." This was generally taken to be a reference to the special deals under which Brazil sells coffee to larger regular buyers at a discount to the special price.

London traders thought a more straightforward coffee selling system in Brazil would be welcomed but many doubted that the special deals would be abandoned in the near future.

Brazil's official price is currently not competitive with those of its Central American competitors and any substantial cut in this price could simply lead to further reductions by countries like Colombia and El Salvador. The special deal system enables Brazil to tailor its price to market demand without overt reductions.

However, Sr. Rainho, who takes over from Sr. Camillo Calazans, head of the IBC since 1974, said he believes "the best guarantee Brazil can offer its buyers is the assurance that it wishes to sell coffee and the fact that it has always fulfilled its commitments."

He thought the country's traditional customers would adapt themselves rapidly to the new system. This would not detract from the controlling role played by the minimum export price and the contribution quota (export tax), he added.

Brazil could still operate a flexible coffee marketing system, he said.

Sr. Rainho thought Brazil could sell more than the 12.6m bags (60 kilos each) of coffee exported last year. But he warned that it had to look for better prices to increase export earnings.

Brazil's export policy should be based firstly on increasing its share of the world market in step with the recovery in its own production, he said. Secondly, he added, the prime responsibility for export sales must rest with private exporters, with the IBC playing a supplementary role when the need arises.

Malaysia tin price rise urged

KUALA LUMPUR — The Malaysian Government said it will continue to press for an increase in the "floor" and "ceiling" prices under the International Tin Agreement to reflect increased costs of production.

It said in its mid-term review of the 1976-80 five-year plan that tin production had fallen by 2.3 per cent annually since 1975 to 60,000 tonnes last year. This reflected continued depletion of ore deposits on available mining land and the mining of lower grade tin-bearing ground.

However, it was optimistic tin output would recover in response to revised tax cuts made by the Government and continued prospecting for potential tin-bearing areas in peninsular Malaysia.

Reuter

Rice output growth forecast

MANILA — World production of rice is expected to reach 435m tons by 1985, compared with 375m last year, the Food and Agricultural Organisation (FAO) said here yesterday at an international conference on the crop.

An FAO paper on prospects for the next five years said most of the increased output, at a growth rate of 2.5 per cent a year, would occur in developing countries.

Excluding China and the other Asian centrally-planned economies, developing countries' production should rise to 229m tons by 1985 from 163m in the 1972-74 period, at a growth rate of 2.9 per cent, the paper said.

Production is expected to grow more quickly in Africa and the Middle East than in the past and less quickly in Latin America, mainly due to increased plantings rather than the use of higher-yielding varieties.

In Asia, excluding the centrally-planned economies, production should grow by 2.8 per cent a year to reach 198m tons in 1985, compared with 2.5 per cent growth between 1962-64 and 1975-77.

Production in China and the other Asian centrally-planned economies is expected to rise from 136m tons in 1972-74 to 178m tons by 1985 at a growth rate of 2.3 per cent a year, down from the previous 3 per cent but ahead of projected population growth.

The projections are based on the belief that many developing countries will try harder for self-sufficiency, while Japan will encourage diversion of rice land to other activity.

The FAO also forecast that international rice prices will remain low for the next few months.

A report said carryover stocks this year should reach 26m tons, not including China and the Soviet Union, up 2m on last year.

President Ferdinand Marcos of the Philippines said the five-member Association of South East Asian Nations (ASEAN) was studying the creation of a regional rice reserve that could serve as a model for an international agreement.

He said ASEAN members had established an emergency rice reserve of 50,000 tons.

The next step was to study the feasibility of a full rice reserve which would have a mechanism for stock accumulation and release.

UN COMMON FUND

Mixed feelings after three-year wrangle

BY BRIJ KHINDARIA IN GENEVA

THE AGREEMENT to establish a special $750m fund to help to pay for market stabilisation arrangements for as many as 23 commodities has brought a mixture of relief and apprehension to the main countries involved.

A consensus reluctantly accepted at a 101-nation conference here early yesterday has laid the foundation for the fund's creation by clearly laying down its key elements. A small committee is to be set up to draft the articles of the agreement which will establish the fund. This process could take the rest of this year.

The conference's apparently successful outcome was, however, clouded by statements made afterwards by several delegations throwing doubt on the validity of the consensus.

There is a sense of relief among delegates here because earlier discord on the common fund which has been under negotiation for three years appears to have been settled. But apprehension has grown among both developing and developed nations that the U.S. and the Soviet Union might reopen substantive elements for further discussion in the new committee, thus scuttling the delicate compromise.

If the fund survives its painful birth it will go a long way towards dampening the increasing tension in relations between the richer countries and the poorer ones, who say they want to obtain a new international economic order which will be more responsive to their needs.

The U.S. sounded an ominous note by stating after the consensus was adopted by the conference that while it was "fair and balanced" one of its vital elements—the system of voting for decision-taking — needed further study.

The Soviet Union said it had further questions about the method chosen for contributing to the fund and the voting mechanism.

The common fund is the vital element in an integrated commodity programme agreed by developing and developed countries in 1976 under which separate international commodity agreements will be concluded for at least 10 and up to 23 commodities. The 10 "poor" commodities include copper, tea, cocoa, rubber and hard fibres.

Under the consensus each international commodity arrangement seeking money from the fund will be expected to deposit one-third of its requirements with the fund in order to obtain credits for the remaining two-thirds.

Although the planned fund's key contents have been agreed, it will not come into being until an agreement has been drafted, and will not begin to affect commodity markets until international commodity arrangements are concluded. These arrangements are still being negotiated separately and their links with the fund have yet to be established.

It was the tough U.S. position on the voting issue, in contrast to all its developed-nation partners, that held up final approval until midnight on Monday. Mr. Allan Wendt, U.S. delegate, said a developing nation demand for a dominant share of the votes was unfair and was against established principles.

He argued for a system which would have given equal votes to both developed and developing countries.

Under the consensus, as accepted by the U.S. so far, developing nations will have 47 per cent of the votes compared with 42 per cent for the industrialised countries, 8 per cent for the socialist states and 3 per cent for China.

The preponderance of the developing countries is dented, however, by additional conditions under which all key decisions concerning spending from the fund will be taken by a three-quarters majority, and other decisions by a simple two-thirds majority according to their importance.

The developing countries and China afterwards criticised these conditions as weakening their position in the fund.

As agreed so far, the fund will have two "windows." The first will be used to pay for reserve stock management operations in the international commodity arrangements. It will contain $400m, of which $150m will be paid in cash directly by participating governments; $150m will be capital on call in case of need and $100m will be callable capital to be used by the fund managers as guarantees to obtain loans on the open market.

The second "window" will contain $350m and will be used to finance measures other than the management of reserve stocks.

Editorial Comment, Page 20

'Base fund in London'

BY REGINALD DALE

THE PLANNED $750m common fund to stabilise world commodity prices should be based in London, Mr. John Smith, the Trade Secretary, said yesterday.

The UK would put in a strong bid for the new international organisation, on which industrialised and developing countries agreed at a meeting in Geneva earlier this week, he told a Press conference.

The fund would enhance London's role as an important trading capital, Mr. Smith said. There were also good objective reasons for the choice, in that most international commodity markets were based in London but few United Nations organisations were located in the UK.

Plans are already under consideration for the establishment of a major new London World Commodities Centre, providing conference and translation services, for the international commodity organisations already based in London.

It is feared that the lack of facilities might tempt some of these organisations to move elsewhere and also damage Britain's hopes of the common fund being based in London.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher on the London Metal Exchange. After opening at ... and falling away to £1,009, ... a lack of follow-through from the previous day, forward ... thereafter gained ground in fine ... to touch £1,030 prior to ... in the late kerb of £1,028. Turnover ... 800 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at ... three months ...

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

... open at £7,330 and ease to around £7,310 on the pre-market. However, ... rally in copper encouraged fresh buying ... up to £7,350 prior to closing at £7,340 on the late kerb. Turnover 1,415 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

LEAD—Lower but well above the day's lowest levels. Lead mirrored copper which forward metal opening around £540 and dropping to £520 in the first ring on speculative and stop-loss selling. However, the price rallied strongly from £530 to close at £530 on the late kerb. Turnover 6,125 tonnes.

* Slightly easier. A fall in the market saw forward metal ...

INSURANCE BASE RATES

† Property Growth	12%
† Vanbrugh Guaranteed	10.62%

† Address shown under Insurance and Property Bond Table.

CORAL INDEX: Close 505-510

SILVER

Silver was fixed 1.95p an ounce lower for spot delivery in the London bullion market yesterday at 360.85p. U.S. cent equivalents of the fixing levels were: spot 742.4c, down 3.0c; three-month 748.4c, down 3.0c; six-month 763.0c, down 2.3c; and 12-month 788.4c, down 1.7c.

SOYABEAN MEAL

Physical closing prices (buyers) were: Spot 59.5p (58.75); April 61.6p (60.75); May 62.25p (61.25).

The London market opened £1 up due to above expected export figures reported T. G. Roddicks. The market remained steady for the rest of the day with continued underlying cash interest.

SUGAR

LONDON DAILY PRICE (raw sugar): £104.50 (£104.00) a tonne cif for March-April shipment. White sugar daily price was fixed at £104.00 (same).

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 20 1979	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free Mkt (cts)	$1,455/75		$1,475/95
Copper cash w'bar	£1010.5	+5.0	£994
3 mth	£1027.5	+5.0	£1017.25
Cash Cathode	£1005	+5.0	£1009.5
3 mth	£1021.5	+5.0	£1005.5
Gold troy oz	$242.125	+0.25	$248.375
Lead cash	£550	-7.5	£494.5
3 mth	£532.5	-5.0	£491
Nickel	£2523.14		£2,520.89
Free mkt (c lb)	$205/25c		$192/95c
Platin'm tr'y oz	£164.5		£164
Free mkt	£186	-1.85	£208.2
Quicksilver	$280/85		$300/10
Silver troy oz	360.85p	-1.95	363.6p
3 months	370.25p	-1.95	395.7p
Tin cash	£7,417.5	-30.0	£7,415
3 mths	£7,337.5	-27.5	£7,275
Tungsten	$137.51	+3.41	$134.14
Wolfrm 22.04 cif	$158/63	-2.0	$129/35
Zinc cash	£416.25	-1.0	£408.5
3 months	£402.5	+0.75	£423.5
Producers	$800		$800
Oils			
Coconut (Phil)	$1,010y	+10.0	$990
Groundnut	[illegible]		[illegible]
Linseed Crude	£485	+8.0	£440
Palm Malayan	$684z	+12.0	$696
Seeds			
Copra Philip	$680v	+5.0	$685
Soyabean (U.S.)	$315w	+5.5	$306.45
Grains			
Barley Futures	£95.05	-0.45	£94.4
Maize French No 3 Am	£109		£109.5
Wheat No. 1 Red Spg			
No. 2 Hard Wint			
Eng. Milling	£103.5		
Other commodities			
Cocoa ship't	£1,690	-15.0	£1,846
Future May	£1,677.5	-18.5	£1,823.5
Coffee Ft'r May	£1,430	+3.5	£1,463.5
Cotton A'Index	75.75c	+0.3	77c
Rubber kilo	59.5p	+0.75	59p
Sugar (Raw)	£104.5	+0.5	£103
Woolt'ps 64s kl	280p		274p

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. t April-June. v March-April. w April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, March 19.

Cocoa—March 146.45 (146.40), May 147.85 (148.10), July 149.90, Sept. 151.90, Dec. 154.70, March 156.40, May 157.50. Sales: 540.

Coffee—"C" Contract: March 130.90-131.50 (132.00), May 132.50-133.00 (133.00), July 133.50-134.25, Sept. 135.50-135.75, Dec. 135.25-135.90, March 134.00, May 133.99-134.00, July nil. Sales: 510.

Plywood—March 206.1 (209.0), May 202.7-202.6 (205.9), July 203.5-203.2, Sept. 203.0, Nov. 201.8, Jan. 202.5 nom., March 203.2 nom.

Pork Bellies—March 60.90 (60.15), May 59.95-60.20 (59.82), July 60.15-60.30, August 58.20. Sales: 4,777.

This edition went to press before the latest U.S. commodity prices were available.

EUROPEAN MARKETS

INDICES

FINANCIAL TIMES

Mar. 19	Mar. 16	M'nth ago	Year ago
273.19	269.80	268.42	233.05

(Base: July 1, 1952=100)

MOODY'S

Mar. 19	Mar. 16	M'nth ago	Year ago
1064.6	1067.2	1045.7	900.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 19	Mar. 16	Month ago	Year ago
Spot	380.98	379.97	382.56	369.64
F'tur's	385.02	385.13	381.05	341.30

(Average 1924-25-26=100)

REUTERS

Mar. 20	Mar. 19	M'nth ago	Year ago
1559.2	1555.5	1546.0	1404.2

(Base: September 18, 1931=100)

Strong Gilt-edged revival and £154m placing of 49.5m BAT Industries shares highlight markets

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 12	Mar. 22	Mar. 23	Apr. 3
Mar. 26	Apr. 5	Apr. 6	Apr. 18
Apr. 9	Apr. 19	Apr. 20	May 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Renewed strength in Government stocks, up 1¼ points ahead of tomorrow's applications for the new long tap stock at a minimum tender price of £97½, and a placing operation claimed by Imperial Group to be the largest-ever of its kind in this country were the major events in stock markets yesterday.

Speculation that something unusual was happening arose while the placing of 49½m shares of BAT Industries was being effected and the equity sections were inexplicably subdued with the leaders often a penny or two easier but attempting to edge away from the lowest levels.

Confirmation that the Imperial Group had sold virtually all of its remaining holding in BAT at 310p per share, netting £153.6m, sent the market price of BAT down 30 to 320p, but Imperial up to 108p before a subsequent reaction to a close of only 1½ higher on balance at 102½p.

Other leading industrials then encountered increased trade, albeit of a two-way nature, prior to drifting lower late on thoughts that funds available for equity investment had been sizeably reduced by the BAT deal.

Meanwhile, a revival of foreign support for both sterling and Government securities coincided with reports that Saudi Arabia may impose a surcharge on crude oil as early as next month and thus trigger a general increase in world prices.

Domestic buyers followed in the wake of the overseas interest in gilts and the combination produced sharp rises extending to 1¾ points among longer-dated issues. A continuation of this upturn would make the new tap cheap in relation to existing stocks and there was talk yesterday of a premium when dealings begin in the issue on Friday.

Shorter maturities traded briskly and closed with gains ranging to 1¼ points, despite being a shade off the highest, while the FT Government Securities index rose 1.03 to 72.56. Illustratingt he contrasting fortunes of equities, the FT 30-share index slipped from only 0.9 easier at noon to close 4.1 down at 505.6.

Rates for investment currency continued to fall on persistent selling, some associated with business in Canadian securities, and the premium closed at the day's lowest showing a fresh loss of 2¾ at 74 per cent. The strong revival in sterling was a contributory influence. Yesterday's SE conversion factor was 0.7330 (0.7276).

Home Banks easier

The major clearing banks drifted downwards on a lack of investment enthusiasm and closed at the day's lowest with falls to 6p. Up 6 on Monday on the Federal Reserve Board's approval of the group's bid for the Union Bankcorp of Los Angeles, Standard and Chartered encountered profit-taking and relinquished 13 to 477p, but favourable Press comment directed attention towards **Hambros** which touched 237p before settling at 233p for a net gain of 10. F. C. Finance attracted further interest and added 3 for a two-day gain of 6 to 76p, while a satisfactory interim performance prompted a rise of 2 to 38p, after 39p, in **London and Scottish Finance**.

Willis Faber firmed 5 to 240p, after 245p, on annual profits well up to market expectations and **Hambro Life** hardened 5 to 455p with the aid of Press comment.

In Buildings, scattered selling clipped 4 from **Blue Circle** at 286p, but **Tarmac** firmed 5 to 187p in response to Press comment. Interest was shown in **UBM** which added 2 to 78½p and **Pochins** which improved 4 to 132p, while hopes of a bid from Croda International lifted **Craig and Rose** 20 to 950p, after 970p.

ICI drifted 6 lower to 386p, as did **Fisons**, to 308p. By contrast, further interest in a thin market lifted **Brent** 5 for a two-day gain of 12 to 262p and **Ellis and Everard** revived with a rise of 3 to 97p.

R. and J. Pullman, at 123p, relinquished 5 of Monday's rise of 14 following news of the acquisition of 16 "Skincraft" retail outlets for around 0.9m. A fair level of trade was seen in the leaders which generally ended a shade easier.

Fairly quiet conditions persisted in the Electrical sector. Among the leaders, **GEC** drifted off to close 5 cheaper at 373p, but **EMI** traded firmly at 124p, up 2. **Pressac** hardened 2 to 119p on the increased interim dividend and profits and encouraging statement on the outlook. Revived bid hopes left **Bowthorpe** 3 to the good at 83p, while **Whitworth Electrical** also found support and improved 2 to a 1978-79 peak of 33p. On the other hand, **Wholesale Fittings** reacted 10 to 285p in a restricted market along with **Decca "A,"** 7 lower at 378p.

Assisted by favourable Press mention **John Brown** moved against the trend and closed 4 to the good at 506p, after 508p. Lack of support was mainly responsible for slight dullness in the other Engineering leaders. After the previous day's rise of 6, **Tubes** ran back 4 to 398p awaiting today's preliminary results. **GKN** were similarly cheaper at 264p, while **Vickers** eased 3 to 183p. **Yarrow**, a good market of late, eased to 380p initially and fell away further following the interim results to close at 370p, down 20 on the day. **600 Group** closed 4 off at 95p, after 91p following the announcement that conditional agreement had been reached for the sale of its subsidiary, Dunlop Ranken, for £2.4m. **Simon Engineering**, however, were supported and put on 6 to 306p, while others to attract sporadic demand included **Baker Perkins**, 5 to the good at 155p, and **Crown House**, a similar amount dearer at 84p.

Up 45 in late dealings on Monday on revived takeover rumours, **J. Bibby** dropped 33 to 337p on the chairman's emphatic denial. Other Foods traded easier at first, but picked up to display modest gains by the close. **Spillers**, however, encountered further profit-taking and shed a penny to 46p. Elsewhere, renewed interest lifted **Cliffords Dairies A** 4 to 58p and the Ordinary a like amount to 67p, while the pleasing interim performance prompted a gain of 3 to 106p in **Sidney C. Banks**.

In Hotels and Caterers, recently firm **Comfort** gave up 1½ to 35½p and **Reo Stakis** shed 2½ to 54½p, after 53p.

Overshadowed by the huge placing of Bats Industries shares, the miscellaneous Industrial leaders drifted lower on lack of support and occasional offerings. **Glaxo** eased 6 to 552p and falls of 4 were marked against **Boots**, 216p, and **Bowater**, 196p. Elsewhere, **Lewis** became a weak feature at 87p, down 12, on the lower interim figures and the warning of a continuing pressure on profit margins. By way of contrast, dealings resumed in **Lindsay and Williams** at 120p, compared with the suspension price of 107p, following the cash bid of 126p per share from RFD, while **Glass and Metal** were quoted at 142p, compared with the suspension price of 130p, after the announcement of the agreed cash and share exchange offer worth 143p from **HAT Group**, 2 lower at 28p.

Still reflecting the encouraging annual review, **Hoover "A"** hardened 5 more to 185p, while **Hepworth Ceramic** responded to the good preliminary results with a rise of 4 to 93p, but trading statements failed to help **Metal Closures** which ran back 5 to 113p and **Waterford Glass**, 2 lower at 57p. Scattered demand lifted **Marshalls Universal** 4 to 160p and **Robert Moss** 2 to 42p. On the other hand, **Pauls and Whites** reacted 2 to 145p on the withdrawal of recent speculative support. Other dull spots included **Norman Hay**, 4 cheaper at 65p, and **Gibbons Dudley**, 3 lower at 71p.

Ahead of today's interim results, **Howard and Wyndham** eased 3½ to 21½p, but **LWT "A"** firmed 3 to 159p in belated response to Press comment. Elsewhere in the Leisure sector, late selling clipped 6 from **Pleasurama** at 118p.

Following the sharply reduced profits and final dividend, **Inveresk** fell 14 to a 1978-79 low of 48p. In contrast, **Watmoughs** reported record profits which, together with a proposed 1-for-3 scrip issue, lifted the shares 3 to 130p after 135p.

A noticeable contraction in trading volume was evident in the Property sector where leading issues drifted lower on lack of support. **Land Securities** finished 4 cheaper at 280p and **MEPC** 2 off at 172p. **British Land** provided an exception at 63½p, up a penny, while in secondary issues, continued demand lifted **Regional "A"** 5 for a two-day gain of 11½ to 109p and the Ordinary 10 for a two-day rise of 18 to 120p.

Oil shares encountered fairly persistent selling which found the market unwilling. **Shell** reacted 14 to 700p and **British Petroleum** gave up 8 to 1092p. **Royal Dutch**, down ⅞ at £44¼, were dull in sympathy with the dollar premium. Further profit-taking left its mark on **Ultramar** which gave up 8 more to 284p.

Trusts recorded scattered losses, but **Park Place** were firm at 61p, up 2, after 63p, in Financials on the good interim results, proposed rights issue and dividend forecast. **Robert Kitchen Taylor**, however, reacted 11 more to 183p in a narrow market, after the recent strong advance.

Among Shippings, **Ocean Transport** met selling and gave up 4½ to a 1978-79 low of 95p, but **James Fisher** responded afresh to the results and proposed scrip issue with a further improvement of 4 to 232p.

Interest in Textiles was confined to selected secondary issues where a reasonable two-way trade occurred. **Hugh Mackay** added 2 to 49p in front of today's final results, while **Sirdar** eased that amount to 109p ahead of the interim, also due today.

Imperial's surprise £154m placing of some 49.5m **Bats Ordinary** with the institutions at around 310p resulted in the latter falling 30 to 320p, while the **Deferred** finished 23 off at 312p, after 303p. **Imps** reached 108p immediately the deal was completed before ending a net 1½ to the good at 102½p.

Golds ease

A further fall in the investment currency premium coupled with uncertainty over the outcome of last night's U.S. Treasury gold auction prompted minor losses in South African Golds. The Gold Mines Index gave up 2.0 more to 167.6 while the ex-premium index eased 0.5 to 122.9.

Share prices were marked down at the outset and thereafter moved narrowly. In the heavyweights **Randfontein** dropped ¾ to £29¾, while **Vaal Reefs** gave up ½ to £15⅞ and **Free State Geduld** ⅛ to £14⅞.

South African Financials mirrored Golds. **De Beers** fell another 10 to 430p, **General Mining** 7 to 478p and **Union Corporation** 4 to 360p, after 358p. On the other hand, the base-metals investment concern, **Vogels**, added 3 at 90p following Cape interest.

Falls in London-registered Financials reflected the downturn in UK equities. **Rio Tinto-Zinc** were persistently sold and closed 6 cheaper at 298p, while losses of 3 were common to **Charter** and **Gold Fields** at 169p and 218p respectively.

Platinums lost ground with **Impala** 5 off at 203p and **Rustenburg** 3 lower at 146p. After opening on an easier note reflecting profit-taking in overnight Sydney and Melbourne markets, Australians came under further pressure from the fall in the premium.

Conzinc Riotinto dropped 8 to 296p, while losses of around 3 were seen in **Bougainville**, 145p, **MIM Holdings**, 251p, and **North Broken Hill**, 134p.

Elsewhere, **Beralt Tin** continued to make progress, closing a penny better at a 1978-79 high of 71p, following news that Union Carbide (UK) has acquired a further 75,000 Beralt shares to bring its stake up to 13.2 per cent.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar. 20	Apr. 2	Jne. 14	Jne. 26
Apr. 3	Apr. 17	Jne. 28	Jul. 10
Apr. 18	Apr. 30	Jul. 12	Jul. 24

For rate indications see end of Share Information Service

Money was given for the call in Coral Leisure, Hensher A, Premier Oil, Allebone, P & O, Cons Gold Fields, Woolworth, Lonrho, Town and City, Kitchen Queen, M.F. North, Siebens, Weir Group, Scottish and Universal Invs, Shell, Mount Charlotte, John Brown, Tricentrol, Status Discount, Burmah, French Kier, Wilson Walton, Wadham Stringer, Carpets International, Francis Inds., Charter Cons., F. Miller, Newman Industries and British Land. No puts were reported but doubles to be arranged included Hensher A, Kitchen Queen and Christopher Moran.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Imperial Group	25p	17	102½	+1½	108	71½
Shell Transport	25p	17	700	−14	716	484
ICI	£1	16	386	−6	421	328
BAT Inds.	25p	15	330	−30	362	260
Beecham	25p	11	663	−4	726	581
BP	£1	11	1,092	−8	1,120	720
Boots	25p	10	216	−4	237	184
Distillers	50p	10	245	−4	251	163
Grand Met.	50p	10	140	−2	145	87
RTZ	25p	10	298	−6	313	164
Unilever	25p	10	626	−8	640	476
Burmah Oil	£1	9	104	−2	109	42
Courtaulds	25p	9	106	−3	131	103
Hepw'th Ceramic	25p	9	93	+4	100	72½
Tarmac	50p	9	187	+5	189	124

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	77	—	5
Corpns., Dom. and Foreign Bonds	31	2	31
Industrials	238	413	869
Financial and Prop.	44	146	318
Oils	2	21	15
Plantation	4	9	19
Mines	17	75	48
Recent Issues	3	7	19
Totals	416	673	1,324

FINANCIAL TIMES STOCK INDICES

	March 20	March 19	March 16	March 15	March 14	March 13	A year ago
Government Secs.	72.56	71.53	71.65	71.06	72.29	72.64	75.35
Fixed Interest	72.92	72.25	72.32	71.91	72.66	72.68	78.21
Industrial	505.6	509.7	510.9	502.7	509.9	505.6	466.3
Gold Mines	167.6	169.6	169.7	166.3	166.5	170.0	141.5
Gold Mines (Ex-$ pm)	122.9	123.4	121.6	119.1	119.4	121.1	97.5
Ord. Div. Yield	5.60	5.55	5.54	5.58	5.48	5.52	5.79
Earnings, Y'ld % (full)	14.99	14.76	14.75	14.40	14.22	14.32	17.02
P/E Ratio (net) (*)	8.56	8.63	8.65	9.04	9.15	9.09	8.24
Dealings marked	7,299	5,711	6,691	7,032	8,261	8,961	5,273
Equity turnover £m.	—	94.60	128.68	112.94	119.35	176.10	79.56
Equity bargains total	—	23,370	21,250	22,647	26,024	33,608	18,359

10 am 507.9. 11 am 508.1. Noon 508.8. 1 pm 507.5. 2 pm 507.2. 3 pm 507.1.

Latest Index 01-246 8026.

*Nil=8.26.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	64.64 (8/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (5/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/9/78)	124.1 (25/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex $ pm)	132.3 (14/9/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	March 20	March 19
—Daily		
Gilt Edged	139.9	112.6
Industrials	270.5	308.1
Speculative	45.4	43.1
Totals	185.1	130.0
5-day Av'r'ge		
Gilt Edged	129.5	127.8
Industrials	261.1	277.0
Speculative	42.4	43.9
Totals	158.3	165.9

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (91)

CANADIANS (1): Place Gas

BANKS (2): Hambros, Lond. Scot. Fin.

BEERS (1): Burtonwood

BUILDINGS (6): BPB Inds., Newarthill, Brown & Jackson, Roberts Adlard, Feb Intl. A, UBM Group

CHEMICALS (3): Allied Colloids, Coates Bros., Brent Chems., Do. A NV, Stewart Plastics

STORES (5): Beattie (J.) A, Reed (Austin) A, Jones (Ernest), Waring & Gillow, Read-cut

ELECTRICALS (8): Best & May, Perkin-Elmer 4pc, Dewhurst A, Pressac, Electrocomponents, Racal Electronics, Highland Elec., Whitworth Elect.

ENGINEERING (6): Ash & Lacy, Crown House, Brown (J.), Simon Engineering, Cronite, Wolseley Hughes

FOODS (3): Banks (Sidney C.), Northern Foods, Clifford Dairies, Salisbury (J.), Do. A N-V

INDUSTRIALS (19): Bodycote Intl., Lonsdale Universal, Brook St. Bureau, Manch. Ship Canal, Denbyware, Moss (R.), Foesex Agric., Office & Electronic, Glass & Metal, Pentos, Initial Services, Riley (E. J.), Lawtex, Rowan & Boden, Lindsay & Williams, Stonehill, Lona & Hambly, Wills (G.)

INSURANCE (1): Hambro Life

LEISURE (1): LWT A

MOTORS (2): Abbey Panels, Nelson David

NEWSPAPERS (1): Intl. Thomson

PAPER (3): Chapman (Balham), Watmoughs, Olives Paper Mills

PROPERTY (9): Allnatt London, Intereuropean, British Land, Regional Prop., Carrington Est., Do. A, Fairview Ests., Warnford Inv., Imry Property

SHIPPING (1): Fisher (J.)

SOUTH AFRICANS (1): Halett's Corn.

TEXTILES (3): Highams, Sumbeam Wolsey, Nottingham Manf.

TOBACCOS (1): Imperial Group

TRUSTS (5): London Atlantic, Exploration Co., Trust Union, Park Place Inv., Yeoman

OVERSEAS TRADERS (2): African Lakes, Berisford (S. & W.)

RUBBERS (1): Sungei Krian

TEAS (2): McLeod Russel, Lawrie

MINES (1): Beralt Tin

NEW LOWS (2)

PAPER (1): Inveresk

SHIPPING (1): Ocean Transport

APPOINTMENTS

Seven Metal Box directors

Mr. J. L. Read, deputy chief executive of Unigate, is to become a non-executive director of METAL BOX on April 1.

From June 1, Mr. P. B. Blackwell, Mr. B. N. Gilson, Mr. R. G. A. Haynes, Mr. D. H. O'Shaughnessy, Mr. R. M. O. Stanley and Mr. I. R. N. Willis will join the Board. Mr. Blackwell is manager of the company's paper and plastics group; Mr. Gilson, managing director, Metal Box South Africa: Mr. Haynes, managing director, Stelrad Group; Mr. O'Shaughnessy, manager, Open Top Group; Mr. Stanley, manager, General Line Group; and Mr. Willis, general manager, Metal Box Overseas.

★

Mr. Helmut Simon, managing director of DEUTZ ENGINES, is leaving London to become sales director for high-speed diesel engines at the company's headquarters in Cologne, West Germany. Mr. Helmut Preuhs has been appointed managing director of Deutz Engines and KHD Great Britain.

★

Mr. B. H. Pickard, a consultant surgeon, will be installed today as Master of the GUILD OF AIR PILOTS AND AIR NAVIGATORS. He has been a private pilot for many years.

★

Mr. Ian S. MacPhail has been appointed European Co-ordinator of the INTERNATIONAL FUND FOR ANIMAL WELFARE.

★

Mr. Greg Burt, Mr. Bill Heeps and Mr. John Littlejohn have been appointed to the Board of the PERIODICAL PUBLISHERS ASSOCIATION.

★

Mr. Gordon Tucker has been appointed UK sales manager for VICKERS FLUID POWER.

★

Mr. Keith Winter, who joined the Board of SYNTHETIC RESINS on January 1, has been appointed works director in place of Dr. John Burch.

★

Mr. Richard P. Abraham, Mr. Edward H. Browder and Mr. Andrew A. Procassini have been elected corporate vice presidents of FAIRCHILD CAMERA AND INSTRUMENT CORPORATION.

★

Sir John Cuckney has been appointed a director of the ROYAL INSURANCE COMPANY. Sir John is chairman of the Thomas Cook Group, chairman of the Port of London Authority and a director of Midland Bank.

★

Mr. M. J. Poole has been appointed deputy managing director of THOS. B. WELLINGS AND CO., a member of the Benjamin Priest Group.

★

Mr. E. F. Weston, chairman of Photo-me International, has been appointed chairman of the NEW GUARANTEE TRUST OF JERSEY. He replaces Mr. L. J. Matchan who has retired and resigned from the Board. Mr. J. K. Lawson, acting chief executive director for the past nine years, becomes managing director.

★

Mr. M. Bailey and Mr. R. Harley have been appointed directors of REED AND MALLIK, a division of the Rush and Tompkins Group. Mr. G. Ford, director in charge of civil engineering contracts overseas, has now taken over control of all group overseas contracting.

★

Mr. P. C. Paisley has been elected chairman and Mr. W. S. Henderson and Mr. W. K. Begg, directors, of GLASGOW STOCKHOLDERS TRUST. Mr. Andrew Rintoul and Mr. W. D. Young have retired from the Board.

★

Mr. R. S. Temple, comptroller of group accounting, has been appointed to the Board of the DISTILLERS COMPANY.

★

Mr. W. G. Kneale, an assistant chief general manager, MIDLAND BANK, is retiring at the end of July and Mr. P. J. V. Ashurst, general manager (administration), is also retiring. Mr. J. A. Brooks, at present a general manager, will become an assistant chief general manager from June 1. Mr. P. J. Nicholson, who is on secondment as secretary-general of the Committee of London Clearing Bankers, will be returning to full time duties with the Bank and has been appointed a general manager, Domestic banking, from May 1. Mr. H. B. Battle has been appointed vice president, western region, in charge of the new Vancouver office of MIDLAND FINANCIAL SERVICES, the Toronto-based Canadian subsidiary of Midland Bank.

★

Changes are being made in the responsibilities of main Board executive directors of LLOYDS AND SCOTTISH. Mr. W. W. Renilson becomes managing director of the industrial and commercial division responsible to the group chairman for all companies in that division. In addition to his existing chairmanship, Mr. Renilson has been made chairman of Caledonian Tractor Holdings and of House of Clydesdale. Mr. J. N. Little has been appointed managing director of the instalment credit and leasing division, reporting to the group chairman for all companies in that division. Mr. George Duncan, the group chairman, continues to be chairman of Lloyds and Scottish Finance.

★

C. T. BOWRING AND CO. has made the following appointments: C. T. Bowring (UK), Mr. B. P. Mathews, Mr. A. D. Rapley and Mr. D. E. Swan, directors; C. T. Bowring (London)— Mr. Swan, managing director, with Mr. R. A. Mackie remaining chief executive, Mr. R. A. C. White, a director, and Mr. B. D. Murton, a divisional director; Shipton Insurance Services—Mr. White and Mr. G. R. Morrell, joint managing directors; BOWRING BRADFORD—Mr. Morrell, chairman and and chief executive; C. T. Bowring Professional Indemnity—Mr. W. H. Batchelor, chief executive, and Mr. J. M. Bozman remains chairman. Mr. R. Gladwell, managing director; Bowring Scholfields (Eastern)—Mr. Budge Rogers, chief executive.

★

Mr. R. T. Jones, chairman, and Mr. J. C. Anson, director and secretary, are to retire from the Board of CARTER THERMAL INDUSTRIES at the end of this month. Mr. W. H. Rollason, deputy chairman, will become chairman and group financial director, and Mr. D. W. Arkley will be secretary from April 1.

★

Mr. H. R. Darby, vice chairman of Van den Berghs and Jurgens and managing director of its Van den Berghs Division, has been appointed head of UNILEVER marketing division during the absence of Mr. K. J. A. Fraser, whose secondment as industrial director of the National Economic Development Office was announced last December. Mr. Darby relinquishes his executive responsibilities with Van den Berghs and Jurgens but remains a director of the company.

★

Mr. W. A. Kirk has been appointed a director of BROCKHOUSE. He joined the group in 1972 and has been managing director of the general engineering division since January, 1976.

★

Mr. J. Huerta Ballester has been appointed vice-chairman and president of ESPANA S.A., Spain.

★

Mr. Roy L. Gibson has been named vice-president of the medical and health resources division of Gulf Science and Technology Company and chief medical officer of GULF OIL CORPORATION.

★

KEARNEY AND TRECKER MARWIN has made the following appointments to the Board: Mr. Brian Evans, commercial director, Mr. Bob Wright, general manager, special machines division, and Mr. Norman Foord, general manager, supplies division. The parent concern is Vickers.

★

Mr. A. R. Lucas has joined the Board of AIR CALL as an additional director. He is secretary at Associated Communications Corporation. Mr. S. H. Hall has resigned as company secretary of Air Call and has been succeeded by Mr. R. F. Pipe, who continues as group accountant.

★

Mr. John Tait has been appointed managing director of ROSCOE AND HOWARD, a subsidiary of Brentford Electric. He succeeds Mr. Frank Travis, who is retiring.

★

Mr. Stanley Ragone, has been elected to the Board of DANA CORPORATION. He is president and chief operating officer of Virginia Electric and Power.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	1000	96	22	138	—	152	—	1093p
BP	1050	46	1	108	1	124	13	"
BP	1100	15	20	78	20	88	25	"
BP	460	7	19	45	—	60	—	"
Com. Union	160	9	16	15	6	19	—	167p
Com. Union	180	2	—	6½	13	11	—	"
Cons. Gold	180	43	15	45	5	49	—	218p
Cons. Gold	200	23	[illegible]	33	[illegible]	36	—	"
Cons. Gold	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	"
Courtaulds	100	[illegible]	[illegible]	[illegible]	—	[illegible]	—	107p
Courtaulds	110	[illegible]	—	[illegible]	—	[illegible]	—	"
GEC	260	119	1	—	—	—	—	374p
GEC	330	49	5	65	—	75	—	"
GEC	360	22	18	45	11	52	—	"
GEC	390	7	18	24	3	35	—	"
Grand Met.	100	41	—	—	—	—	—	140p
Grand Met.	110	31	—	[illegible]	[illegible]	[illegible]	—	"
Grand Met.	120	21	—	[illegible]	—	[illegible]	—	"
Grand Met.	130	11	—	18½	[illegible]	[illegible]	—	"
Grand Met.	140	[illegible]	61	[illegible]	[illegible]	[illegible]	—	"
ICI	360	32	8	49	8	58	—	387p
ICI	390	[illegible]	32	28	25	37	—	"
ICI	420	[illegible]	[illegible]	15	7	21	—	"
Land Secs	220	65	7	—	—	—	—	281p
Land Secs	240	45	—	53	[illegible]	—	—	"
Land Secs	260	25	7	35	8	42	—	"
Land Secs	300	[illegible]	4	11	30	19	—	"
Marks & Sp	100	[illegible]	[illegible]	11	[illegible]	[illegible]	—	101p
Marks & Sp	110	[illegible]	—	[illegible]	—	[illegible]	—	"
Shell	700	12	13	45	17	58	21	700p
Shell	750	3	6	19	31	30	11	"
Totals			371		207		83	
		May		August		November		
BOC Intl.	70	4½	—	6½	—	10	5	71p
BOC Intl.	80	1	—	2½	—	5	—	"
Boots	240	4	[illegible]	[illegible]	—	[illegible]	—	216p
EMI	110	21	—	26	—	29	3	125p
EMI	120	13½	28	18½	8	20	—	"
EMI	130	7	16	14	16	15	—	"
EMI	140	3	—	[illegible]	15	—	—	"
Imperial Gp	90	13½	—	14½	—	20	—	102p
Imperial Gp	100	[illegible]	54	11½	47	13	1	"
Imperial Gp	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	"
RTZ	240	63	—	70	7	—	—	297p
RTZ	300	18	5	22	43	—	—	"
RTZ	330	8	—	10	26	10	—	"
Totals			130		222		10	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
195	F.P.	—	194	150	‡Appl. Computer 10p	190	−2	[illegible]	[illegible]	[illegible]	[illegible]
65	F.P.	[illegible]	[illegible]	[illegible]	Caledonian Hldgs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
••	F.P.	[illegible]	[illegible]	[illegible]	Hunting Assoc. Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
••	F.P.	[illegible]	[illegible]	[illegible]	M. Y. Dart Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
95¶	F.P.	[illegible]	[illegible]	[illegible]	Sedgwick F. New 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price £	+ or −
‡	F.P.	[illegible]	[illegible]	[illegible]	Chepstow Race's 6% Cnv. Uns. Ln. 1988	[illegible]	[illegible]
£96	[illegible]	[illegible]	[illegible]	[illegible]	ICFC 12¾% Uns Ln 1992	[illegible]	[illegible]
••	[illegible]	[illegible]	[illegible]	[illegible]	Lee Valley Water 8% Red. Pref. 1985	[illegible]	[illegible]
98	F.P.	[illegible]	[illegible]	[illegible]	Mid-Southern Water 8% Red. Pref 1984	[illegible]	[illegible]
••	[illegible]	[illegible]	[illegible]	[illegible]	Shaw Carpets 10% 2nd Cum. Pref.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or −
125	F.P.	[illegible]	[illegible]	[illegible]	Baker Perkins	[illegible]	[illegible]
115	Nil	[illegible]	[illegible]	[illegible]	Brammer (H.)	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	Burco Dean	[illegible]	[illegible]
88	Nil	[illegible]	[illegible]	[illegible]	Cement-Roadstone	[illegible]	[illegible]
220	F.P.	[illegible]	[illegible]	[illegible]	Haslemere Estates	[illegible]	[illegible]
60	F.P.	[illegible]	[illegible]	[illegible]	Hawkins & Tipson	[illegible]	[illegible]
53	F.P.	[illegible]	[illegible]	[illegible]	Hirst & Mallinson	[illegible]	[illegible]
185	Nil	[illegible]	[illegible]	[illegible]	Johnson Matthey	[illegible]	[illegible]
67	F.P.	[illegible]	[illegible]	[illegible]	Macpherson (D.)	[illegible]	[illegible]
58	F.P.	[illegible]	[illegible]	[illegible]	Montfort	[illegible]	[illegible]
225	F.P.	[illegible]	[illegible]	[illegible]	Rank Org.	[illegible]	[illegible]
59	Nil	[illegible]	[illegible]	[illegible]	Radman Hanson	[illegible]	[illegible]
27	F.P.	[illegible]	[illegible]	[illegible]	Sekers Intl.	[illegible]	[illegible]
315	F.P.	[illegible]	[illegible]	[illegible]	Taylor Woodrow	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues., March 20, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon. Mar. 19 Index No.	Fri. Mar. 16 Index No.	Thurs. Mar. 15 Index No.	Wed. Mar. 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	255.61	−0.6	15.83	5.25	8.58	257.11	257.39	254.50	257.87	201.33
2	Building Materials (27)	237.72	−0.2	16.16	5.59	8.50	238.26	239.07	232.87	234.49	[illegible]
3	Contracting, Construction (28)	388.19	−0.2	19.69	5.25	7.14	389.06	389.30	383.56	390.28	[illegible]
4	Electricals (14)	604.21	−1.1	12.78	3.13	10.75	610.95	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	396.96	−0.2	17.04	5.71	7.94	397.86	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (75)	194.22	−0.4	17.04	5.72	7.82	194.91	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	170.62	−0.7	16.37	8.59	8.19	171.90	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE) (53)	233.38	—	15.37	4.62	8.68	233.28	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	312.33	+0.1	12.41	3.38	11.30	311.86	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	170.99	+0.9	17.35	6.40	7.96	169.53	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	123.12	−0.4	21.11	6.84	5.92	123.58	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (170)	238.63	−1.2	14.71	5.46	8.92	241.60	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	252.41	−1.2	15.53	5.96	8.39	255.52	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	342.22	−1.2	15.58	4.36	10.82	347.71	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	316.55	−0.6	14.06	6.02	9.41	318.48	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	226.26	−0.7	17.33	5.07	7.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	284.29	+0.2	11.39	4.16	11.94	282.78	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	425.19	−0.3	14.39	5.28	9.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	144.66	−1.3	17.50	7.28	7.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	229.39	−0.7	10.67	4.15	13.41	231.11	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (23)	182.77	−0.5	17.72	8.53	7.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	270.92	−5.0	21.03	7.60	5.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	92.70	−0.4	23.93	7.01	4.93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	216.02	−0.9	14.74	5.87	8.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	301.33	−1.2	15.67	6.51	7.62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	267.56	−0.8	10.38	4.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	144.43	−0.8	13.99	5.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	425.97	−1.0	14.20	7.14	8.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (58)	246.19	−0.8	16.36	5.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	244.51	−0.9	15.06	5.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	616.80	−1.3	12.77	3.52	8.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	275.00	−1.0	14.67	5.12	8.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	194.93	−0.9	—	5.18	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	227.82	−1.4	29.07	5.30	4.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	240.78	−0.1	—	7.67	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	176.68	−0.3	14.60	5.00	7.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	152.28	−0.4	—	6.20	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	125.19	−0.3	—	6.59	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	337.39	−0.2	14.76	5.70	9.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	93.16	−0.8	—	5.57	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (43)	328.12	−0.4	3.58	2.48	46.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	125.54	−1.8	18.50	6.48	6.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	231.31	−0.5	—	4.74	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	128.97	−1.6	14.57	5.52	8.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	369.15	−0.5	13.59	6.86	9.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	253.72	−0.9	—	5.16	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues., Mar. 20	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.47	+0.53	—	1.87
2	5-15 years	118.82	+1.65	—	1.59
3	Over 15 years	123.58	+1.60	—	2.24
4	Irredeemables	132.77	+1.90	—	1.78
5	All stocks	115.49	+1.26	—	1.91

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Tues., Mar. 20	Mon., Mar. 19	Year ago (approx.)
1	Low	5 years	8.92	9.13	7.56
2	Coupons	15 years	10.58	10.76	9.94
3		25 years	11.04	11.20	[illegible]
4	Medium	5 years	11.35	11.52	[illegible]
5	Coupons	15 years	11.80	12.01	[illegible]
6		25 years	11.96	12.12	[illegible]
7	High	5 years	11.66	11.93	[illegible]
8	Coupons	15 years	12.40	12.63	[illegible]
9		25 years	12.53	12.74	[illegible]
10	Irredeemables		11.07	[illegible]	[illegible]

		Tues., Mar. 20 Index No.	Yield %	Mon. Mar. 19	Fri. Mar. 16	Thurs. Mar. 15	Wed. Mar. 14	Tues. Mar. 13	Mon. Mar. 12	Fri. Mar. 9	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.46	†13.14	56.44	56.33	56.33	54.67	54.68	54.68	54.63	61.03
16	Investment Trust Prefs. (15)	50.16	14.01	50.16	50.16	50.16	50.16	50.39	50.39	50.16	55.35
17	Coml. and Indl. Prefs. (20)	71.19	13.22	71.27	71.01	71.17	71.06	70.77	70.77	70.76	74.49

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Harvey & Ross Unit Trust Mngrs.

Hambro Group (a) (g)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a)(g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.(a)

Investment Intelligence Ltd.(a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Secs. Ltd.(a)(c)

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group (y)(c)(z)

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a) (z)

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

Target Tst. Mgrs. (Scotland) (a) (b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I.o.Man)

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (CI) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

For Central Assets Mngt. Ltd see under Keyser Ullman Ltd.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

International Pacific Inv. Mngmt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Management International Ltd.

M & G Group

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Negit Ltd.

Pacific Basin Fund

Phoenix International

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Utd. Intnl. Mngmnt (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Trust

NOTES

Prices do not include $ premium, except where indicated †, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. † Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ◊ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
97	94⅝	Treasury 3pc '79‡‡	97	+⅛	3.09	9.43
97⅞	95⅛	Electric 4¾pc '74-79	97¼xd	+⅛	4.37	9.81
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	...	—	—
42	37	Do. 5pc Pref......	40	..	—	—
98	93	Chilean Mixed....	98	..	—	f3 10

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 36¼% (based on US$2.0340 per £)
Conversion factor 0.7330 (0.7276)

CANADIANS

[illegible]

S.E. List Premium 36¼% (based on $2.3768 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								
83½	58	F. C. Finance...	76	+3	†2.03	2.6	4.0	14.5
8¼	1¾	First Nat. 10p...	7¼	−¼	—	—	—	0.5
3	½	Do. Wrrts. 75-83	2¾	......	—	—	—	—
16	9½	Fraser Ans. 10p	15¼	......	—	—	—	—
222	157	Gerrard Natnl...	220	......	g9.12	—	6.2	—
62	37	Gibbs (A.)......	57	−1	2.23	—	5.8	—
255	195	Gillett Bros. £1.	243	......	16.95	—	10.4	—
29	19	Goode D't Mry.5p	25xd	......	0.25	—	1.5	—
142	96	Grindlays.........	125xd	......	3.07	7.5	3.7	3.9
130	93	Guinness Peat...	111	−1	H5.67	—	7.6	—
235	155	Hambros.........	233	+10	†9.76	—	6.2	—
105	78	Hill Samuel......	102	−3	†4.97	—	7.3	—
600	40	Do. Warrants..	230	......	—	—	—	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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TINS

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¾	$10¼	Buffels R1	$13	+¼	Q190c	ϕ	16.8
$11¼	830c	East Drie R1	$11	−⅛	Q115c	ϕ	12.0
585c	330c	East Rand Prp. R1	435c	......	Q10c	—	—
$28⅝	$16½	F.S. Geduld 50c	$22⅛	......	Q315c	2.4	16.4
$15⅛	975c	Pres. Brand 50c	$14	−¼	Q150c	3.2	12.4
$14⅜	900c	St. Helena R1	$14⅛	......	Q190c	1.4	15.5
575c	313c	Stilfontein 50c	570c	−5	Q66c	2.3	13.4
$24	$16¼	Vaal Reefs 50c	$23⅝	−⅜	Q280c	ϕ	13.6
$37	$25	West Drie R1	$32⅝	−⅛	†Q385c	1.7	13.6
$31¼	$19	West Hldgs. 50c	$26¼	......	Q415c	1.4	18.2
$13	895c	Western Deep R2	$12	−⅛	Q147½c	2.4	14.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26½	......	Sheff. Refrshmt	77	......
Ash Spinning	107	......	Sindall (Wm.)	120	......
Bertam	27	......			
Bdg'wtr. Est. 50p	360	......	**IRISH**		
Clover Croft	28	......			
Craig & Rose £1	950	+20	Conv. 9% '80/82	£90½	......
Dyson (R. A.) A	35	......	Alliance Gas	110	......
Ellis & McHdy	69	......	Arnott	400	......
Evered	26	......	Carroll (P.J.)	110	......
Fife Forge	54xd	......	Clondalkin	97	......
Finlay Pkg. 5p	20½	......	Concrete Prods.	90xc	......
Graig Ship. £1	150	......	Helton (Hldgs.)	59	......
Higsons Brew	80	......	Ins. Corp.	180	......
Holt (Jos) 25p	269	......	Irish Ropes	105	......
I.O.M. Stm. £1	178xc	......	Jacob	40	......
Pearce (C. H.)	203	......	T.M.G.	248	......
Peel Mills	26	......	Unidare	85	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Unilever	35
A. Brew	6½	"Imps"	6	U.D.T.	4
BOC Intl.	6	I.C.L.	40	Utd. Drapery	7½
B.S.R.	8	Inveresk	7	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	14		
Beecham	32	Legal & Gen.	14	**Property**	
Blue Circle	18	Lex Service	7	Brit. Land	3¼
Boots	15	Lloyds Bank	22	Cap. Counties	4½
Bowaters	14	"Lofs"	4	E.P.	3½
B.A.T.	24	London Brick	6	Intreuropean	5
Brown (J.)	33	Lonrho	5	Land Secs.	16
Burton 'A'	16	Lucas Inds.	25	MEPC	12
Cadburys	5	"Mams"	12	Peachey	8
Courtaulds	10	Mrks. & Spncr	7	Samuel Props.	9
Debenhams	8	Midland Bank	25	Town & City	1¼
Distillers	15	N.E.I.	12		
Dunlop	5	Nat. West. Bank	22	**Oils**	
Eagle Star	10	Do. Warrants	10		
E.M.I.	14	P & O Dfd.	7	Brit. Petroleum	45
Gen. Accident	17	Plessey	8	Burmah Oil	8
Gen. Electric	18	R.H.M.	5	Charterhall	2½
Glaxo	40	Rank Org.	18	Shell	28
Grand Met.	7½	Reed Intnl.	12	Ultramar	16
G.U.S. 'A'	20	Spillers	3½		
Guardian	18	Tesco	4	**Mines**	
G.K.N.	22	Thorn	22	Charter Cons.	12
Hawker Sidd	20	Trust Houses	£18	Cons. Gold	12
House of Fraser	12	Tube Invest.	30	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday March 21 1979

Andreotti names new cabinet

BY RUPERT CORNWELL IN ROME

SIG. GIULIO ANDREOTTI, the Italian Christian Democrat leader, yesterday named his fifth and Italy's 41st Cabinet since 1943. The administration brings to an end the purely Christian Democrat rule since the inconclusive general elections of June 1976.

The major changes include dropping Sig. Rinaldo Ossola, the widely respected technocrat and former Deputy Governor of the Bank of Italy, while three members of the Republican Party and four Social Democrats join the Cabinet.

Sig. Ossola's place at the Foreign Trade Ministry is taken by a Christian Democrat, Sig. Gaetano Stammati. Another technocrat, Sig. Romano Prodi, the Bologna University Economics Professor who had held the Industry portfolio for less than four months, is also excluded.

The departure of the two technocrats, scathingly attacked by both Socialists and Communists last night, reinforces the impression that the new Government is merely a caretaker administration, destined to last no longer than the elections expected in a few months.

With no previously agreed majority behind him, Sig. Andreotti will face Parliament for a vote of confidence, probably within hte next fortnight.

If he is defeated, President Sandro Pertini will have no choice but to dissolve Parliament and call elections, probably to coincide with the first direct elections to Europe, already set for June 10.

Among other Ministers, Sig. Ugo La Malfa, the veteran Republican Party leader, combines the post of Deputy Premier with the Budget portfolio. Sig. Filippo Maria Pandolfi retains his place as Treasury Minister.

The chances of the Socialist Party bailing out Sig. Andreotti at the eleventh hour dimmed still further yesterday, when Sig. Bettino Craxi, the Socialists' leader, called off at the last moment a meeting with the Christian Democrat leadership.

Describing such talks as "completely useless," Sig. Craxi declared that the Socialists would reserve their position until the vote of confidence. But the composition of the new Government makes it more likely than ever that the Socialists will vote against Sig. Andreotti.

World ships output falls sharply

BY LYNTON McLAIN

OUTPUT FROM world shipyards fell by one-third last year compared with 1977 to a ten-year low of 18.2m tons gross, according to the latest annual returns from Lloyd's Register of Shipping published to-day.

But British yards, despite the worsening recession in shipbuilding, fared better than most with a 10 per cent rise to 1.13m tons gross. Only Poland showed a larger rise, of 223,000 tons, to more than 700,000 tons gross.

British Shipbuilders, the state-owned corporation that runs most of Britain's shipbuilding industry with Government aid from the Shipbuilding Intervention Fund, warned, however, that the decline that had hit other shipbuilding nations had now reached Britain. The corporation received orders for only 17 merchant ships totalling 86,600 tons gross last year, compared with a completed tonnage of 714,000 tons.

The 17 orders were valued at £80m compared with 67 ships ordered in 1977 totalling 517,000 tons gross and worth £343m.

"There are no merchant ship orders and we are going through a desperate crisis," the corporation said.

Japan, still the world's leading shipbuilding nation, completed 6.3m tons last year, although this was 5.4m tons less than in the previous year.

Japan's output last year represented 35 per cent of completed world merchant ship tonnage.

Sweden maintained second position in the world with 7.7 per cent of merchant tonnage completed, 1.4m tons, a fall of almost 1m tons compared with 1977.

Britain was third and the U.S. fourth in the world league.

A record output of ships was reported from East Germany and from Taiwan with 409,727 tons and 436,069 tons respectively.

The tonnage of oil tankers completed fell by over 50 per cent to 4.8m tons across the world. This represented just over a quarter of all merchant ships completed, compared with more than a third in 1977 and almost 60 per cent in 1976.

The output of bulk carriers also fell, by almost 4m tons to 5.1m tons gross, representing 28.6 per cent of all tonnage completed, compared with 32.8 per cent in 1977.

The tonnage of oil tankers built in Britain increased by almost 200,000 tons last year to cover 533,000 tons, the third highest total after Sweden and Japan.

MERCHANT SHIP COMPLETIONS (TONS GROSS)

	1978	1977	Percentage of world total 1978
Japan	6,307,155	11,707,635	34.67
Sweden	1,407,017	2,311,343	7.73
UK	1,133,331	1,019,695	6.23
U.S.	1,033,142	1,012,354	5.68
West Germany	844,530	1,595,214	4.64
Spain	821,111	1,813,472	4.51
Poland	702,182	478,461	3.86
South Korea	604,286	562,019	3.32
USSR	528,084	421,246	2.90
Brazil	441,821	380,190	2.43
World total	18,194,120	27,531,824	

Khalil and Begin clash on brink of peace

BY ROGER MATTHEWS IN CAIRO AND DAVID LENNON IN TEL AVIV

ONLY FIVE days before the signing of the Egypt-Israel peace treaty the Prime Ministers of both countries clashed angrily over the question of Palestinian autonomy on the occupied West Bank and in the Gaza Strip.

Mr. Mustapha Khalil, Egypt's Premier, accused Mr. Menahem Begin his Israeli counterpart, of souring the atmosphere which he had hoped would prevail at the signing in Washington next Monday.

Mr. Begin told the Knesset (Parliament) that Israel would never return to the borders of 1967, would never agree to the creation of a Palestinian State on the West Bank and Gaza Strip and would never permit East Jerusalem to revert to Arab sovereignty.

In response, Mr. Khalil issued a statement reiterating that Israel would have to withdraw from all territories occupied during the 1967 war, including East Jerusalem.

The vigorous exchange between the two Premiers is a timely reminder of the serious difficulties that lie ahead when, a month after the signing of the treaty, both sides are due to begin negotiations on the shape of Palestinian autonomy.

Mr. Begin touched another raw Egyptian nerve when he claimed that there was no precise linkage between the peace treaty and the moves towards autonomy fo rthe Palestinians.

As President Sadat ras always stated that he would never sign a bilateral treaty with Israel, Egypt has bene trying to convince local and international opinion that the peace agreement is in fact the basis for a comprehensive Middle East peace package.

Mr. Begin's remarks, opening the two-day Knesset debate on the peace treaty, were clearly designed to appease domestic critics fearful that withdrawal from Sinai will be followed by withdrawal from the other occupied territories and the creation there of a Palestinian State.

He said the achievement of a peace agreement with Egypt was a moment Israel had dreamt of. But he warned that the country faced tough negotiations on the West Bank and Gaza issues.

Mr. Begin stressed that the proposed autonomy would apply only to the residents of the occupied territories but not to the territories themselves. This was ridiculed by a number of speakers including Mr. Shimon Peres, leader of the opposition Labour Party. He asked causticaily: "How is it possible to separate a resident and his house, a farmer and his land?"

During Mr. Begin's two-hour address he was heckled continuously from the Left and after a sharp exchange of insults with the Prime Minister, a Communist member was ordered out of the House.

The Knesset erupted when Mr. Begin spoke of Israel's right to build settlements in the occupied territories. He quoted a recent High Court ruling that the expropriation of Arab lands on the West Bank was legal. A Left-wing member of the Knesset interjected that the court's ruling was political, bringing down on his head the wrath of the Right-wing deputies.

In Cairo, Mr. Khalil said: "What Mr. Begin has said contradicts the basis of peace agreed upon at Camp David and sours the atmosphere we hoped would prevail at the signing of the agreement. It is an inappropriate start for an era in which we hoped that everyone would work towards laying the basis for a just and durable peace in the Middle East and to reach a comprehensive settlement."

Asked if the dispute between the two countries would block the treaty signing, Mr. Khalil said: "No, I don't think so."

Ambassadors to be exchanged, Page 2
Egypt seeks more commodity aid, Page 3

Weather

UK TODAY

OVERNIGHT fog. Rain with sleet or snow on higher ground. Max 6C (43F).

London, S.E. England

Fog patches, with rain spreading from the West.

Midlands, Cent. N., Cent. S., E., N.E. England, Channel Isles

Rain. Sleet or snow on hills, clearing slowly later.

S.W. England, S. Wales

Rain or sleet clearing, sunny intervals developing.

N. Wales, N.W. England, S.W. Scotland, Ulster, Isle of Man

Sleet with snow on hills. Sunny intervals, wintry showers.

Rest of Scotland

Wintry showers or snow.

● Outlook: Sunny intervals and wintry showers. Becoming less cold in the West.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	Locarno	R	4	39
Algiers	F	18	64	London	C	6	43
Amsdm.	C	5	41	Luxbrg.	C	7	45
Bahrain	S	28	82	Luxor	S	33	91
Barcina.	C	15	59	Madrid	C	6	43
Beirut	F	19	66	Majorca	F	15	59
Belfast	C	6	43	Malaga	F	19	66
Belgrd.	R	6	43	Malta	F	20	68
Berlin	C	1	34	M'chstr.	C	5	41
Biarritz	F	15	59	Melbne.	S	26	79
Bmghm.	R	5	41	Milan	C	11	52
Blackp'l	C	6	43	M'ntreal	C	1	34
Bordx.	C	12	54	Moscow	S	-4	25
Boulgn.	F	7	45	Munich	C	4	39
Bristol	R	6	43	Nairobi	S	25	78
Brussels	F	10	50	Naples	C	15	59
B. Aires	S	24	75	Nwcstl.	R	4	39
Cairo	S	24	75	N. York	S	12	54
Cardiff	C	6	43	Nice	C	12	55
Cas'b'ca	F	16	61	Oslo	C	1	34
Cape T.	S	20	68	Paris	C	9	48
Chicago	C	8	46	Perth	S	22	72
Cologne	F	6	43	Prague	C	4	39
Cpnhgn.	F	5	41	Reykjvk.	F	-1	30
Corfu	F	17	63	Rhodes	F	18	64
Dublin	C	6	43	Rio J'o	S	29	84
Dbrvnk.	F	12	54	Rome	C	11	52
Ednbgh.	F	3	37	Salzb'rg	F	13	55
Faro	F	15	59	Singapr.	C	31	88
Florence	R	11	52	Stckhm.	S	2	36
Frankf't	C	5	41	Strasb'g	C	6	43
Funchal	C	17	63	Sydney	R	24	76
Geneva	C	8	46	Tangier	R	15	59
Gibrltr.	R	12	54	Tehran	S	17	62
Glasgow	F	4	39	Tel Aviv	S	20	68
G'nsey	F	8	46	Tenerife	S	14	57
Helsinki	Sn	-3	27	Tokyo	S	11	52
H. Kong	C	17	63	Toronto	S	7	45
Innsbr'k	C	7	45	Tunis	F	15	59
Invrnss.	Sn	1	34	Valencia	F	15	59
Istanbul	R	14	57	Venice	R	11	52
Jersey	F	8	46	Vienna	C	7	45
Jo'burg	S	27	81	Warsaw	C	2	36
L. Pims.	C	19	66	Zurich	C	4	39
Lisbon	C	15	59				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Talks offer to civil servants

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT yesterday agreed to begin "substantive" negotiations on a pay settlement for 600,000 civil servants after union leaders warned that strikes by the two largest unions would "inevitably" spread to others if a firm pay offer was not made.

Members of another civil service union will for the first time join the strikes by the Civil and Public Services Association and the Society of Civil and Public Servants today. An all-out one-day strike in Scotland, which will include members of the 47,000-strong Civil Service Union, and widespread strikes in England are expected as a result of the suspension of 39 clerical staff members at the Scottish Office in Edinburgh.

At a sour and bad-tempered meeting yesterday between leaders of all nine unions, Lord Peart, the Lord Privy Seal, Mr. Roy Hattersley, Prices Secretary, as co-ordinator of public sector pay settlements, and Mr. Charles Morris, Civil Service Minister, the Ministers, after consultation with Cabinet colleagues, agreed to produce firm proposals on pay within a few days.

Mr. Hattersley told the unions that the Government had to establish an acceptable pattern of public sector settlements. Lord Peart said after the meeting that "substantive" negotiations would begin on Monday. The Government was bound to take a few days to consider what offers to make in negotiations of such importance.

Mr. Bill Kendall, secretary-general of the estaff side of the National Whitley Council, the unions' umbrella organisation, told the Ministers that Government hesitation was "setting the scene for a major inglorious punch-up which will inevitably involve members of the majority of Civil Service unions."

Pay and prices indicators showed that civil servants were 33 to 40 per cent behind comparable earnings. Full implementation of the Pay Research Unit comparability studies—which, the unions estimate, show that the civil servants should receive rises of 26 to 36 per cent—could not be tossed aside for political or "repercussive effect" considerations.

If political considerations did determine the settlement, though, the unions would expect the most "generous" arrangements in the public sector, Mr. Kendall said.

The unions are pressing for the full settlement to be made pensionable from April 1, for the final stage to be paid before April next year, for backdating if negotiations go beyond the coming April 1, and for assurances that next year's Pay Research Unit findings will be implemented then too.

Nationalists warn on devolution

BY RICHARD EVANS, LOBBY EDITOR

NATIONALIST MPs remained adamant at Westminster yesterday that they would table a motion of no confidence in the Government if Mr. James Callaghan seeks to delay a debate on the Scottish referendum result when he makes his Commons statement tomorrow.

Their attitude—which will be put to the test if, as expected, the Prime Minister suggests all-party talks and gives no date, or a date beyond next week, for the devolution debate—underlines the grim prospect facing Mr. Callaghan.

The Government's tactic will be to try to drive a wedge into the uneasy alliance of Tories and Nationalists by suggesting talks before a Commons vote that would almost certainly see the Scotland Act killed off.

The hope is that the Nationalists would accept the wisdom of talks aimed at keeping devolution alive and would give weight to the Conservatives' lack of a commitment to a devolved Scottish parliament. But there is no sign that the delaying tactic will be effective.

If the Nationalists stick by their pledge Mrs. Margaret Thatcher, the Tory leader, would rapidly make her move for an all out censure attack before the Budget and the Easter recess. Her resolution should gain the backing of both the Nationalist parties and the Liberals and on the Commons arithmetic Mr. Callaghan could survive only with the backing of some Ulster Unionist MPs.

Of the 10 Ulster MPs three will certainly vote with the Conservatives and another two claim they also intend to vote for a motion of no confidence.

Mr. Callaghan, facing Tory jibes on the rising inflation level, yesterday reminded his critics that the Government and TUC joint commitment was to reduce inflation over the next three years to less than 5 per cent. To cheers from the Tory benches Mrs. Thatcher retorted: "Will you stop making pledges on my behalf?"

One option firmly dismissed by the Prime Minister was the setting up of a select committee of MPs to debate the future of devolution.

Slight fall in GDP

BY DAVID FREUD

THE UNDERLYING profitability of industry fell in the last three months of 1978, although it remained above the levels recorded in the first half of the yea,.

Provisional estimates for Gross Domestic Product yesterday from the Central Statistical Office show that GDP, according to the average estimtaes based on expenditure, income and output data, fell slightly between the third and fourth quarters, following the rapid g,owth in the middle of the year.

Overall GDP in 1978 was about 3 per cent up on 1977's. This is in line with earlier estimates.

The decline in industry's profitabilityin the last three months of the year is shown by a 2.4 per cent drop to £4.05bn in industrial and commercial companies' gross trading profits, seasonally adjusted nad afte,, allowing for the rise in the value of stocks of goods and work in progress.

This followed a 10.2 per cent increase to £4.14bn in the previous three months.

On a longer-term comparison, profits net of stock appreciation were 7.1 per cent higher in the second half of 1978 than in the previous six months.

Nevertheless, the underlying level of industrial profitability remained well below those prevailing up to the early 1970s.

The October - December decline was closely matched by a 2.7 per cent increase in income from employment.

Employment income was £25.43bn in the last three months of 1978, seasonally adjusted, while in the second half of the year overall the total was 6.6 per cent up on January-June.

The detailed figures show that the average estimate for GDP fell by 0.4 per cent between the third and fourth quarters, at 1975 prices and seasonally adjusted. At the same time, there was a 1.7 per cent rise betwen the last two half-years.

The output measure, usually regarded a sthe best indicator of movements in the economy in the short term, fell by 0.3 per cent between the third and fourth quarters, after an increase of 0.6 per cent in the previous three months.

Continued from Page 1

Carter

imbued with post-Watergate standards of public morality, the imputation of unfair practice to a President who has always prided himself on his rectitude is not to be lightly dismissed. The whole affair has been given an additional painful twist because of the afflictions of Billy, who is still being treated for alcohol abuse in a California hospital.

The appointment of Mr. Curran is not likely to assuage some of Mr. Carter's critics, who have been demanding that Mr. Bell appoint a fully-fledged Watergate-style special prosecutor with overriding powers of investigation because both Mr. Bell, also from Georgia, and his number two, Mr. Philip Heymann, are political associates of the President.

Continued from Page 1

Jobless

referred to a fairly flat trend.

The inflow onto the vacancies register has been falling slowly since last October, while the number leaving the unemployment register has been declining for four months.

Most economic forecasters agree with the view in last week's Bank of England quarterly bulletin that "with no appreciable growth in output since last summer, it is quite likely that unemployment will begin to rise later this year."

The exact relationship between output and unemployment remains uncertain, however, especially as the underlying rate of growth of productivity has apparently declined sharply in the last five years.

Government job preservation and support measures are an important influence on the figures. They are currently keeping 178,000 people off the unemployment register.

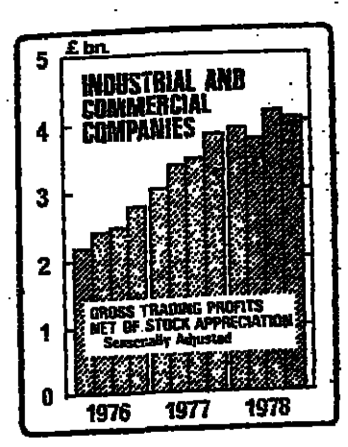
The number of school leavers out of work has fallen by 8,250 over the month to 31,150, compared with 40,290 a year ago.

The unadjusted UK unemployment total has dropped over the last month by nearly 50,000 to 1.4m, or 5.9 per cent of the workforce. There was a drop of 21,270 to 20,420 in the numbers temporarily out of work.

THE LEX COLUMN

Imperial chooses its moment

Index fell 4.1 to 505.6



Supply rises to meet demand. That rule of markets still applies, and to prove it Imperial Group launched a massive share selling operation yesterday morning to mop up around £150m of the cash slopping around in the institutions. Some four years after disposing of 11 per cent of BAT Industries, Imps sold almost the whole of its remaining 15 per cent stake at 310p a share, a discount of 11 per cent on Monday's night's closing price. So Imps will be able to add hugely to its existing holdings of "securities which are readily convertible into cash" which in the last balance-sheet consisted of around £100m-worth of gilt-edged.

"Today's market conditions," announced Imps, "offered a rare opportunity to sell these shares." Some of the brokers involved in the placing were unhappy at the phrasing, with its suggestion that perhaps the institutions have been lured in close to the top of the market. Certainly the strength of the market in general, and of the tobacco sector in particular, have partly determined the timing. Another key factor, however, is that the equity market is at present technically very strong, with institutional liquidity at a comparatively high level, and not offset by any overhang of new issues. It appears that most of the shares were snapped up within an hour or so of the green light being given at 9.30 am. But once the fund managers had had time to think more clearly the equity market turned off and failed to share in the buoyancy of gilt-edged.

Such a disposal was a godsend for stale bulls of food sector takeover candidates, but it does not appear that Imps has any early plans. The opportunity to dispose of the shares to Imps' own shareholders has been missed, and it is obscurely claimed that although market conditions are ideal for a placing they "preclude either an offer to Imperial shareholders or an offer for sale."

So the fat get fatter, and although the institutions appear to be happy enough to run down their liquidity through this kind of deal, it will not in the end increase the supply of shares if the cash is to be used in later bids. As for BAT, there were audible sighs of relief from Millbank that Imps had at last taken the money and run, though after such a large placing the share price is likely to be under a cloud for a little while.

The message for the equity market as a whole is that merchant banks like Morgan Grenfell and Baring—the two advisers to Imps—are telling client companies to raise money now. The next few months will show how rare was the opportunity which Imps has exploited.

Lonrho/SUITS

Lonrho's new bid for Scottish and Universal Investments (SUITS) is worth about two-fifths more than last year's effort. And whereas that offer consisted entirely of Lonrho shares, the latest package includes a high roportion of cash —100p out of a bid currently worth 182p per share. Since SUITS' shares were trading at well under 130p a fortnight ago, and Lonrho already owns just over 29 per cent of its shares, the Scottish company faces quite a struggle in its efforts to remain independent.

Its starting point presumably will be an attack on Lonrho's share price, which has surged ahead in the last 10 days as a result of the Kuwaiti dust up and the favourable Monopolies Commission report. A couple of weeks ago this bid would have been worth 163p per share.

Thanks to the cash element, the market will not have to face such a flood of Lonrho paper as seemed possible—but 22m new shares still represents an increase of a tenth in its outstanding equity, which is way ahead of the likely addition to its assets and earnings per share. Moreover, a successful bid would cost Lonrho £22m cash, and as a result its high debt/equity ratio would only improve marginally.

SUITS may argue that its House of Fraser shares are worth £21m at current prices, which would mean that Lonrho was valuing the rest of the group at £35m. Excluding the Fraser dividend, its earnings on an admittedly very low tax charge could be about £7m this year, implying an "unacceptably" low p/e ratio. That might do the trick, but at this early stage the betting must be slightly in favour of a bidder which is starting from a very strong position.

Hepworth Ceramic

Hepworth Ceramic suffered its worst ever bout of industrial unrest last year. It also had to cope with flat demand for its clay products and a severe downturn on its refractories side which only a couple of years ago was contributing over a quarter of group profits. Nevertheless, Hepworth has managed to increase its margins modestly and push its profits another £3.7m higher to £30.4m. The shares rose 4p to 93p last night where they yield around 6 per cent.

But for the strikes which hit the group's North American operations as well as its UK plants, Hepworth might have been able to make another £5m. Given the depressed state of demand—8 of its 37 tunnel kilns are in mothballs — this performance looks very impressive. The group has been spending heavily on more efficient plant and is now earning more than three times the profits it made in 1973 with a seventh less staff. Any upturn in demand would show through quickly to profits and Hepworth would then be able to demonstrate the sort of returns a near monopoly supplier can expect to make in good times.

Profits squeeze

Though the gross trading profits of industrial and commercial companies, according to official statistics, were 17 per cent up in the last quarter over their level a year earlier, this was largely due to the upsurging figure for stock appreciation. Underlying profits growth declined over the year with the fourth quarter fiure net of stock appreciation showing an annual increase of only six per cent on a year earlier. Even this was inflated by growing contribution from North Sea oil.

These figures underline a development basic to the OECD's latest analysis of the British economy. The OECD shows that the profits in the UK now hold the lowest share of national income of any of the major industrialise dnations—5.2 per cent.

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